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Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 10 June 2026
Location	Abbey Room, Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest.	
3. MINUTES	
To confirm and sign the minutes of the meeting held on 29 April 2026	3 - 6
4. OUTSTANDING ACTIONS UPDATE	
To consider any outstanding actions from previous meetings	7 - 10
5. COMMITTEE WORK PLAN	
To note the Committee's work plan	11 - 14
6. 2025/26 ANNUAL AUDIT PLAN	
Report of the External Auditors, Azets	15 - 64
7. SIRO (SENIOR INFORMATION RISK OFFICER) ANNUAL REPORT	
The report of the Interim Head of Legal and Support Services	65 - 84
8. MEMBER CODE OF CONDUCT ANNUAL REPORT	
Report of the Interim Head of Legal and Support Services	85 - 94

9. TREASURY MANAGEMENT STEWARDSHIP REPORT 2025/26	
Report of the Head of Finance	95 - 112
10. KEY JUDGEMENTS AND ESTIMATES IN THE STATEMENT OF ACCOUNTS	
Report of the Head of Finance	113 - 118
11. DRAFT ANNUAL GOVERNANCE STATEMENT 2025-26	
Report of the Head of Finance	119 - 146
12. UNIT 4 UPDATE	
Report of the Head of Finance	147 - 150
13. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT	
Report of the Audit Manager	151 - 170

Circulation:

Councillor J G Simmons (Deputy Chair)
Councillor R Sutton
Councillor P Moulton
Councillor R Boam
Councillor D Cooper
Councillor G Rogers
Councillor N Smith
Councillor A Wilson
Councillor M French
Mrs E Hutchinson
Mr Phil Helm (Chair)

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 29 APRIL 2026

Present: Councillor J G Simmons (Chair)

Councillors R Sutton, P Moulton, D Cooper, D Everitt, N Smith and A Wilson

In Attendance: Councillors

Officers: Ms K Beavis, Mrs A Crouch, Mrs C Hammond and Ms R Tapping

67. APOLOGIES FOR ABSENCE

Before the meeting began, the Head of Finance provided the Committee with an update on the recruitment of the new Independent Chair for the Committee and the resignation of an independent member. Recruitment to the vacant position will commence once the new chair is in position. A brief discussion between members was had.

Apologies were received from Councillor R Boam, Councillor G Rogers and Mrs Emma Hutchinson.

68. DECLARATION OF INTERESTS

There were no interests declared.

69. MINUTES

Consideration was given to the minutes of the meetings held on 26 February and 11 March 2026.

It was moved by Councillor N Smith, seconded by Councillor D Cooper and

RESOLVED THAT:

The minutes of the meetings held on 26 February and 11 March 2026 be approved and signed by the Chair as an accurate record of proceedings.

70. OUTSTANDING ACTIONS UPDATE

Consideration was given to the Outstanding Actions update. Members received an update from the Head of Finance on outstanding actions, including a Unit 4 briefing scheduled for June and a root cause analysis to be undertaken by Internal Audit, which has been included in the Internal Audit plan.

The Audit Manager provided an update on audit-related outstanding actions to confirm that these had been completed.

The Audit Manager provided an update on the outstanding actions relating to the corporate risk register.

Members raised concerns regarding delays in progressing the root cause analysis and the need for clearer timelines.

The Outstanding Actions update was noted.

71. COMMITTEE WORK PLAN

Consideration was given to the Committee's work plan.

The Committee's work plan was noted.

72. DRAFT ACCOUNTING POLICIES 2025/26

The report was presented by the Head of Finance.

It was moved by Councillor R Sutton, seconded by Councillor P Moulton and

RESOLVED THAT:

The Draft Accounting Policies for the 2025/26 financial statements, as detailed in appendix A, were considered and approved.

73. STANDARDS AND ETHICS REPORT - QUARTER 4

The report was presented by the Interim Head of Legal and Support Services & Monitoring Officer.

In response to concerns raised regarding a lengthy, outstanding complaint, the Interim Head of Legal and Support Services & Monitoring Office assured the Committee that Officers will be working towards bringing all the existing complaints to conclusion swiftly.

The report was noted and members were thanked for their comments.

74. LOCAL GOVERNMENT REORGANISATION - ACCOUNTS AND AUDIT REQUIREMENTS

The report was presented by the Head of Finance.

A member encouraged the Committee to continue their active involvement to maintain effective governance during the transition.

The report was noted and members were thanked for their comments.

75. INTERNAL AUDIT PROGRESS REPORT

The report was presented by the Audit Manager.

A discussion followed. In response to a question, the Head of Finance and Audit Manager agreed to provide further information regarding Health and Safety incidents.

Concerns were raised over backlogs and delays. It was explained by the Audit Manager that despite the figures, the total days used during the various audits would be less than detailed as days were used to provide updates and support. Assurance was given that the audit work would reach draft stage in time to support the Annual Audit Opinion due to be presented to the Committee in August.

In response to ongoing issues relating to the Unit 4 financial system, a member suggested requesting the Chief Executive attend the next Committee meeting to discuss the action plan and its progression with the Committee. The suggestion was supported by other members; one member expressed concerns about the changing of implementation dates

due to the same ongoing issues. Following a discussion between Committee members and Officers, it was agreed that the Committee would request for the Chief Executive to attend the meeting of the 5 August 2026, with questions submitted in advance to allow for concise responses.

The report was noted and members were thanked for their comments.

76. INTERNAL AUDIT STRATEGY

The report was presented by the Audit Manager.

A member congratulated the Audit Manager for the progression made to the strategy.

It was moved by Councillor J Simmons, seconded by Councillor D Everitt and

RESOLVED THAT:

- 1) The progress made against the Internal Audit Strategy during 2025/25 was noted.
- 2) The Committee supported the continued delivery of outstanding actions into the 2026/27, including the external quality assessment and the development of data analytics capability.
- 3) The Committee endorsed the ongoing improvement activities designed to enhance the effectiveness and modernisation of the Internal Audit Service.

77. INTERNAL AUDIT ANNUAL PLAN

The report was presented by the Audit Manager.

A member welcomed the introduction of a value for money audit focus.

It was moved by Councillor P Moulton, seconded by Councillor N Smith and

RESOLVED THAT:

- 1) The draft 2026/27 Internal Audit Annual Plan report, attached at appendix 1, was noted.
- 2) The draft 2026/27 Internal Audit Annual Plan was approved.

78. INTERNAL AUDIT CHARTER AND MANDATE

The report was presented by the Audit Manager.

Following the presentation, a member emphasised the importance of internal audit being independent.

It was moved by Councillor P Moulton, seconded by Councillor R Sutton and

RESOLVED THAT:

The Internal Audit Charter was approved.

79. CORPORATE RISK UPDATE

The report was presented by the Audit Manager.

A brief discussion was had about whether Unit 4 should be a standalone corporate risk. It was explained by the Head of Finance that Unit 4 was classed as a 'business as usual' system and that it was included in an existing risk on the finance team service risk register.

The report was noted and members were thanked for their comments.

The meeting commenced at 6.30 pm

The Chair closed the meeting at 7.38 pm

Audit and Governance Committee

Outstanding Actions

Key:

Green = completed

Amber = working towards

Red = to be completed



Action No.	Meeting Date and Agenda Item	Action	Comments	Responsible Officer	Target dates/rationale for delays	Status and last updated
1	12/11/25 Item 7	To provide the Committee with a briefing on Unit 4.	A Unit 4 update report will be presented to the June meeting.	Anna Crouch		01/06/2026 Green
2	12/11/25 Item 7	To arrange discussions with Cllr P Moulton and the Chair with the intention to undertake a root cause analysis on the human processes regarding the implementation of the Unit 4 system.	A review of Unit 4 implementation has been included within the internal audit plan for 2026/27, the plan was approved by the Committee at the meeting on 29/04/2026. Action closed as it has been resolved.	(Paul Stone) Anna Crouch		29/04/2026 Green

3	04/02/2026 Item 7	To provide a response to Cllr Rogers in relation to the following question raised during discussion: 'What checks and balances are in place to make sure only the correct type of waste is put into trade waste bins, how is this dealt with?'	Response sent via email on 09/02/2026	Kerry Beavis/Paul Sanders		08/02/2026 Green
4	04/02/2026 Item 7	To provide a response to Cllr Moulton in relation to the following question raised during discussion: 'Where is stock such as radiators/doors etc stored, is it still a storage unit as it was in the past?'	Yes, we store at Market Street but often order and collect to fit same day as we do not have capacity to store every door/ window etc Response sent via email on 10/02/2026	Gary Hall		10/02/2026 Green
5	04/02/2026 Item 7	Outstanding finance audit recommendations: It was agreed to provide more narrative in future reports so that members have more information and it is clear what progress has been made.	Further details were provided in the Audit progress report at the Committee meeting of 29/04/2026	(Paul Stone) Kerry Beavis		29/04/2026 Green

6	04/02/2026 Item 12	Corporate risk no.35 re Local Plan: Members felt the risk was not accurate considering the timeframes for submission the plan. It was agreed to go back to planning officers to review the risk.	Risk no. 35 was updated on the Corporate Risk Register, reported to Committee on 29/04/2026, including an update of actions and new actions to be followed	(Paul Stone) Kerry Beavis		29/04/2026 Green
7	04/02/2026 Item 12	Corporate risk no.21 re Driver and fleet compliance: In response to members concern that it was a particularly high-risk score, it was agreed to get further details for the next meeting.	Corporate Risk 21 was discussed at risk meetings. It remains high because there is still no finalised policy or driver's handbook in place. Although some mitigating actions exist, they are not sufficient to significantly reduce the risk score. Draft versions of the policy and handbook have been developed and reviewed by unions, and their feedback is currently being	(Paul Stone) Kerry Beavis		29/04/2026 Green

			incorporated. Once these documents are finalised and implemented, it is expected that the risk score will decrease further.			
8	29/04/2026 Item 9	Cllr Smith asked for more information regarding Health and Safety incidents	Information on the number of incidents for 2025/26 provided to Cllr Smith via email on the 28/05/26/	Kerry Beavis/Anna Crouch		28/05/2026 Green

AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 02/06/26)

Issue	Report Author	Meeting at which will be reported
August 2026		
Review of Corporate Governance Policies	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	5 August 2026
External Audit - Building Back Assurance	Anna Crouch, Head of Finance, Jon Illingworth, Strategic Director of Resources	5 August 2026
Draft Statement of Accounts 2025/26	Georgina Gwillim, Finance Team Manager, Anna Crouch, Head of Finance	5 August 2026
Treasury Management Update Report (Q1)	Anna Crouch, Head of Finance, Georgina Gwillim, Finance Team Manager	5 August 2026
Internal Audit Progress Report (Q1)	Kerry Beavis, Audit Manager	5 August 2026
Corporate Risk Update	Kerry Beavis, Audit Manager	5 August 2026
Standards and Ethics Quarterly Report (Q1)	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	5 August 2026
Local Government and Social Care Ombudsman Annual Review Letter	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	5 August 2026
November 2026		
Future External Arrangements	Anna Crouch, Head of Finance	11 November 2026
External Auditor's Annual Report 2025/26	Anna Crouch, Head of Finance, Jon Illingworth, Strategic Director of Resources	11 November 2026

Issue	Details	Report Author	Meeting at which will be reported
Treasury Management Update Report (Q2)	Anna Crouch, Head of Finance, Georgina Gwillim, Finance Team Manager	11 November 2026	
Internal Audit Progress Report (Q2)	Kerry Beavis, Audit Manager	11 November 2026	
Corporate Risk Update	Kerry Beavis, Audit Manager	11 November 2026	
Standards and Ethics Quarterly Report (Q2)	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	11 November 2026	
January 2027			
Audit Completion Report	Anna Crouch, Head of Finance	13 January 2027	
Statement of Accounts	Anna Crouch, Head of Finance	13 January 2027	
February 2027			
Annual IT Health Check Report	Sam Outama, ICT Team Manager	10 February 2027	
Treasury Management Update Report (Q3)	Anna Crouch, Head of Finance, Georgina Gwillim, Finance Team Manager	10 February 2027	
Internal Audit Progress Report (Q3)	Kerry Beavis, Audit Manager	10 February 2027	
Corporate Risk Update	Dele Abibu, Kerry Beavis, Audit Manager	10 February 2027	
Standards and Ethics Quarterly Report (Q3)	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	10 February 2027	
Annual Review of the Council's Constitution	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	10 February 2027	

Issue	Details	Report Author	Meeting at which will be reported
Annual Review of the Code of Conduct Complaints Arrangements	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	10 February 2027	
April 2027			
Audit and Governance Committee Annual Report	Anna Crouch, Head of Finance	28 April 2027	
Internal Audit Annual Plan	Kerry Beavis, Audit Manager	28 April 2027	
Internal Audit Progress Report (Q4)	Kerry Beavis, Audit Manager	28 April 2027	
Corporate Risk Update	Kerry Beavis, Audit Manager	28 April 2027	
Standards and Ethics Quarterly Report (Q4)	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	28 April 2027	
↪	SIRO (Senior Information Risk Officer) Annual Report	Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer, Laurent Flinders, Information Governance Officer	28 April 2027
Draft Member Code of Conduct Annual Report	Emma Lant, Rochelle Tapping, Interim Head of Legal and Support Services and Monitoring Officer	28 April 2027	

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10 JUNE 2026



Title of Report	2025/26 ANNUAL AUDIT PLAN	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee – 4 June 2025 External Audit Plan 2024/25	Public Report: Yes
Financial Implications	There are no financial implications to be considered.	
	Signed off by the Acting Section 151 Officer: yes	
Legal Implications	There are no legal implications to be considered.	
	Signed off by the Interim Monitoring Officer: yes	
Staffing and Corporate Implications	There are no staffing and corporate implications to be considered.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	<p>The Committee's Terms of Reference, as set out in Section D7 of the Council's Constitution, describe how the Committee should consider relevant reports of the external auditor, in particular on the scope and depth of external audit work and to ensure it gives value for money.</p> <p>The report provides details of the external auditors, Azets, audit planning report for the financial year 2025/26.</p>	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE DETAILS OF THE EXTERNAL AUDIT PLAN 2025/26.	

1.0 BACKGROUND

- 1.1 The External Audit Plan highlights the key elements of the proposed strategy and provides an overview of the planned scope and timing of the statutory external audit of the Council for the year ended 31 March 2026.
- 1.2 The work will include an audit of the 2025/26 Statement of Accounts as well as an assessment of value for money.
- 1.3 One of the key objectives of the External Audit Plan (Appendix A) is for Azets to obtain reasonable assurance that the financial statements are as a whole free from material misstatement and prepared in all material respects within the CIPFA Accounting Code of Practice.

1.4 Representatives from Azets will be presenting the Plan at this meeting.

Policies and other considerations, as appropriate	
Council Priorities:	A Well-Run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	<p>Without an external audit plan, there is a higher risk of financial mismanagement. External audits provide an independent review of financial statements, ensuring accuracy and compliance with regulations. Without this oversight, errors or fraudulent activities may go undetected, leading to significant financial losses.</p> <p>External audits help maintain transparency and accountability in the management of public funds. External audits ensure that a local authority complies with relevant laws and regulations. Without an audit plan, there is a risk of non-compliance, which can lead to legal penalties, fines, and other regulatory actions. This can further strain the authority's resources and reputation.</p> <p>External audits contribute to good governance by evaluating internal controls and risk management processes. Without an audit plan, there may be weaknesses in governance structures, leading to ineffective management and decision-making. This can hinder the authority's ability to achieve its objectives and deliver services effectively.</p>
Officer Contact	Anna Crouch Head of Finance (Acting S151 Officer) anna.crouch@nwleicestershire.gov.uk



North West Leicestershire District Council

External Audit Plan
Year ended 31 March 2026

April 2026

Your key team members

Laura Hinsley
Key Audit Partner
Laura.hinsley@azets.co.uk

Helen Parks
Manager
Helen.parks@azets.co.uk

Ava Campbell
In-Charge auditor
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This report has been prepared for the sole use of those charged with governance, should not be quoted in whole or in part without our prior written consent, and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Management responsibility

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

Introduction and audit scope

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Introduction and audit scope

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of North West Leicestershire District Council ('the Council') for the year ended 31 March 2026 for those charged with governance (the Audit and Governance Committee)

Scope of our audit

The Code of Audit Practice 2024 ('the Code') summarises the responsibilities of auditors and what is expected from the audited body. The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for:

- ▶ **Financial statements:** forming and expressing an opinion on the Council's financial statements, which have been prepared by management with the oversight of those charged with governance; and
- ▶ **Value for money:** considering whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources (our value for money work).

Value for money relates to assessing whether arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of their responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We consider how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This audit plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.



Introduction and audit scope

Our respective responsibilities

Management responsibilities

Your responsibilities include:

- ▶ Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- ▶ Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- ▶ Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support your financial statements and related disclosures;
- ▶ Establishing and maintaining a sound system of internal control;
- ▶ Maintaining standards of conduct for the prevention and detection of fraud and other irregularities;
- ▶ Maintaining strong corporate governance arrangements and a financial position that is soundly based;
- ▶ Establishing and maintaining an effective internal audit function;
- ▶ Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Auditor responsibilities

Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code'). We are also required to:

- ▶ Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- ▶ Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- ▶ Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- ▶ Report by exception on the use of our other statutory powers and duties; and
- ▶ Certify completion of our audit.

We will issue our Audit Completion Report and an Auditors Annual Report to the Audit and Governance Committee setting out the findings from our work. The audit does not relieve management or the Audit and Governance Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Statutory powers

Under the Act we have a broad range of reporting responsibilities and powers that are unique to local authorities in the United Kingdom. These include:

- ▶ Reporting matters in the public interest;
- ▶ Making written recommendations to the Council;
- ▶ Making an application to the court for a declaration that an item of account is contrary to law;
- ▶ Issuing an advisory notice;
- ▶ Making an application for judicial review; and
- ▶ Giving electors the opportunity to raise questions about your financial statements and considering and deciding upon any objections received in relation to the financial statements.



Audit approach

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Audit approach

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- ▶ Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- ▶ Review the design and implementation of key internal controls;
- ▶ Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- ▶ Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- ▶ Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We would ordinarily undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. However, as your prior years' financial statements have been disclaimed, we will this year undertake specific procedures to build back assurance in accordance with LARRIG06 and in line with our overarching build back plan.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.



Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Audit approach

Other key areas

Going concern: management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Going concern: auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA/LASAAC Code of Practice 2025/26 (CIPFA Code) and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Use of experts

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of actuarial assumptions used in the calculation of the defined benefit pension liability/asset;
- ▶ The audit of property valuations, should the need arise during the audit.

Additional procedures required by the National Audit Office

The National Audit Office (the 'NAO') issues group audit instructions which set out additional group audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in the Council's WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2025/26. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO has not yet confirmed which entities will be sampled components. We will comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Audit timeline

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Audit Timeline

The following timeline indicates the key milestones of the audit.



	Planning	Interim	Period end: 31 st March	Final accounts	Audit Committee	Completion	Sign off
26	<ul style="list-style-type: none"> ▶ Identify changes in your business environment ▶ Determine materiality ▶ Scope the audit ▶ Risk assessment ▶ Planning meetings with management ▶ Planning requirements checklist to management ▶ Issue audit plan 	<ul style="list-style-type: none"> ▶ Document control design and effectiveness ▶ Discuss audit plan with audit committee ▶ Early testing 	<ul style="list-style-type: none"> ▶ Management to produce accounts for audit by statutory deadline of 30 June 2026 	<ul style="list-style-type: none"> ▶ Regular updates with management ▶ Completion of all audit testing ▶ Review of Narrative Report and Annual Governance Statement ▶ Undertake procedures on significant risk areas ▶ Report observations on other risk areas, management judgements • Receive IAS19 assurance letter from pension fund auditor ▶ Close-out meeting with management 	<ul style="list-style-type: none"> ▶ Discuss audit findings with audit committee ▶ Issue draft Audit Completion (ISA260) report 	<ul style="list-style-type: none"> ▶ Issue Auditor's Annual Report 	<ul style="list-style-type: none"> ▶ Sign audit report opinion ▶ Issue delayed audit certificate ▶ Subsequent events procedures ▶ Management representation letter ▶ Sign financial statements

Materiality

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Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

∞ An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality, we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality:

- ▶ Informs the scope of our audit and audit procedures
- ▶ Informs the sample sizes required for substantive testing
- ▶ Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.



Materiality

The table below highlights the levels of materiality determined at the planning stage of the audit

	Council £000	Explanation
Overall materiality for the financial statements	785	This is 1.25% of gross expenditure based on the prior year audited financial statements. This is a common measure for calculating materiality for councils as the primary interest of users of the Council's financial statements is in the cost of providing services, how the Council manages its spending and where the Council has expended its income during the year.
Performance materiality	471	Performance materiality has been set at 60% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	39	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;

Material: an omission or misstatement that would reasonably influence the users of the financial statements.



Significant and other risks of material misstatement

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Significant risks of material misstatement

Significant risks are risks that require special audit consideration

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work proposed is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Inherent risk of material misstatement
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	Very high
Prior year opinion on the financial statements	Financial Statement Level	No	Assess design & implementation	High
Implementation of Unit 4	Financial Statement Level	No	Assess design & implementation	High
Presumption of fraud in revenue recognition	Assertion Level	Rebutted	Document associated business processes	Low
Presumption of fraud in expenditure recognition	Assertion level	Rebutted	Document associated business processes	Low
Valuation of land and buildings, council dwellings and investment properties	Assertion Level	No	Assess design & implementation	High
Valuation of the defined benefit pension fund net liability / asset (IAS19)	Assertion Level	No	Assess design & implementation	High

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Significant risks of material misstatement

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach
<p>Management override of controls</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness and implementation of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

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Significant risks of material misstatement

Significant risk	Audit approach
<p>Prior year opinion on the financial statements</p> <p>As a result of the backstop implemented on 27 February 2026, a disclaimer audit opinion was provided on the 2024/25 financial statements. Disclaimed audit opinions have also been provided on the Council’s accounts for the 2021/22, 2022/23 and 2023/24 financial years.</p> <p>As a result of prior year disclaimed audit opinion:</p> <ul style="list-style-type: none"> • There is limited assurance available over the Council’s opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. <p>The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that will require additional audit procedures.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Prior year opinion on the financial statements: High 	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Considering the findings and outcomes of prior year audits and their impact on the 2025/26 audit; • Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2025/26; • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years; and • Completing work to build back assurance on the balances from prior disclaimed years.

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Significant risks of material misstatement

Significant risk	Audit approach
<p>Implementation of new financial accounting software Unit4</p> <p>The Council has implemented a new financial accounting system (Unit4) which went live on 01 April 2023. When implementing a significant new accounting system, it is important to ensure that sufficient controls are in place which are designed and operating effectively to ensure the integrity of financial data.</p> <p>We have been made aware that a number of issues have occurred since the system has been in place which have made performing routine financial management tasks difficult. The implementation of the new system has also resulted in delays of the production of the 2023/24 financial statements.</p> <p>We have therefore identified this area as a significant risk with potential impact across all areas of the financial statements.</p> <p>Inherent risk of material misstatement: Implementation of the new financial accounting software: High</p>	<p>Procedures performed to mitigate risks in this area will include:</p> <ul style="list-style-type: none"> • Understand the impact of the implementation of Unit 4, and the Council’s remediation actions to address issues; • Reviewing the migration of data from the Total system to Unit4 on the 1 April 2023; • Review key reconciliations to ensure the Council has had sufficient manual controls in place during the transition period; and • Undertake a review of the IT general controls.

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Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach
<p>Fraud in revenue recognition and expenditure Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; • Lack of rationalisation of fraud within the entity due to the controls and processes in place • The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable <p>We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk for the reasons set out below:</p> <ul style="list-style-type: none"> • Little incentive by management to manipulate expenditure recognition; • Limited opportunity to manipulate expenditure recognition; and • Lack of rationalisation of fraud within the entity due to the controls and processes in place. <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Revenue and expenditure recognition: Low 	<p>Whilst we have rebutted the risk of fraud in income and expenditure, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council’s systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluating the Council’s accounting policies for recognition of income and expenditure and compliance with the CIPFA Code; and • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised in the year. <p>We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>



Significant risks of material misstatement

Significant risk	Audit approach
<p>Valuation of land and buildings (key accounting estimate)</p> <p>Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. The Council has adopted a rolling five-year programme with use of indexation in intervening years for its land and buildings valuations for 2025/26 onward. Management have engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026 and to provide advice on appropriate indices.</p> <p>The valuations and index uplifts involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Land and Buildings (valuation): High 	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; Evaluating the competence, capabilities and objectivity of the valuation expert; Considering the basis on which the valuations and indexation uplifts are carried out and challenging the key assumptions applied; Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated; and Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.



Significant risks of material misstatement

Significant risk	Audit approach
<p>Valuation of council dwellings (key accounting estimate)</p> <p>Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Council dwellings (valuation): High 	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; Evaluating the competence, capabilities and objectivity of the valuation expert; Considering the basis on which the valuations are carried out and challenging the key assumptions applied; Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; Testing a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group; Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value; and Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

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Significant risks of material misstatement

Significant risk	Audit approach
<p>Valuation of investment properties (key accounting estimate)</p> <p>The Council undertakes a full revaluation of its investment properties annually, to ensure that the carrying value is not materially different from the fair value. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of investment properties as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Investment properties (valuation): High 	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; Evaluating the competence, capabilities and objectivity of the valuation expert; Considering the basis on which the valuations are carried out and challenging the key assumptions applied; Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

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Significant risks of material misstatement

Significant risk	Audit approach
<p>Valuation of the defined benefit pension net liability / asset – IAS19 (key accounting estimate)</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>⊗ The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the gross asset and liability values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Pension fund net liability / asset (valuation): High 	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • If the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14; • Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.



Other risks

Other risks

This section summarises other identified risks which, although not considered to be significant, require specific consideration during the audit.

Significant risk	Audit approach
<p>Implementation of IFRS 16</p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>40 Due to limitations imposed as a result of the national backstop deadline of 27 February 2026 we did not have sufficient time to audit the Council’s IFRS 16 disclosures in the 2024/25 financial statements. We have therefore rolled forward the implementation of IFRS 16 in 2024/25 as risk for the 2025/26 audit. We note that the right of use asset and liability included in the 2024/25 financial statements was £422k. This is below our performance materiality threshold; therefore, we consider the risk to be on the completeness of the leases identified by the Council.</p> <p>Inherent risk of material misstatement: Lease liability following implementation of IFRS 16 (completeness): Medium</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Perform a walkthrough of the council’s systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council’s accounting policies for the year ended 31 March 2026 to reflect the requirements of the new accounting standard; • Assess the council’s processes for identifying leases and determining whether they are in scope for IFRS 16; and • Evaluate whether RoU assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

Other material transactions and balances

Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.



IT Audit strategy

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IT Audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT Application	Audit area	Planned level of IT audit assessment
42 General ledger (Unit4)	Financial reporting, journals	ITGC assessment (design and implementation effectiveness only)
Active Directory- Network Access and Authentication	Network Access and Authentication	ITGC assessment (design and implementation effectiveness only)



Building back assurance

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Building back assurance

This section sets out the work we plan to undertake in 2025/26 to build back assurance from disclaimed years of audit. Our work is planned in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

On 30 September 2024, Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024” came into force. This legislation imposed annual statutory backstop dates up to and including the 2027/28 year of account for the publication by the Council of its audited financial statements. For 2025/26, the statutory backstop date is 31 January 2027.

The Code of Audit Practice 2024 specifies that auditors are required to issue their auditor’s report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

44 Disclaimed opinions were issued by the predecessor auditor for 2021/22 and 2022/23 and by Azets in 2023/24 and 2024/25. Following the publication of LARRIGs 01 to 06 we have developed an overarching strategy for building back assurance for the Council, with the aim of recovering assurance by 31 March 2028. This is subject to:

- ▶ Management implementing in full all recommendations in respect of the financial statements raised in our 2024/25 audit completion report;
- ▶ No adverse or unexpected transactions, errors or misstatements being identified in the current or previous periods as part of our work and minimal retrospective changes to previously published financial statements;
- ▶ Robust and effective control environments being in place and operating throughout the disclaimed period;
- ▶ Full availability of supporting records, information and evidence in the current and previous periods;
- ▶ Sufficient capacity within the finance team to facilitate the current year audit and additional work required as part of building back assurance;
- ▶ Current and previous years’ financial statements being of good quality, including all notes, the Narrative Report and the Annual Governance Statement;
- ▶ The availability of good quality working papers being readily available to support previous years of account;
- ▶ The provision of agreed data reports as required, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing in current and previous years;
- ▶ Ensuring staff are available during the period of the audit for current and previous years’ financial statements;
- ▶ Prompt and sufficient responses to audit queries within three days to minimise delays.



Building back assurance

Following the release of LARRIG06 in July 2025 our focus in 2024/25 was commencing the significant and comprehensive risk assessment required under the statutory guidance, analysing reserves movements across the disclaimed period, commencing the substantive testing to build back property, plant and equipment movements across the disclaimed period, completing substantive testing on HRA and Housing subsidy grant income, and reviewing the capital financing requirement and minimum revenue provision calculations across the disclaimed period.

For 2025/26, our focus will be on in-year transactions, obtaining full closing balances assurance as at 31 March 2026 and continuing our programme of build-back work over the disclaimed period.

Component	Activity	Work planned
25 Planning	<p>Qualitative Risk Assessment (LARRIG 06)</p> <p>We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening general fund and HRA balances and associated earmarked reserves following prior year disclaimers. In the prior year we commenced our detailed assessment of a number of risk factors, as set out in LARRIG 06, including consideration of the following:</p> <ul style="list-style-type: none"> • Whether the Council has a history of timely production of the financial statements • The number of years for which disclaimed opinions have been issued • The complexity and volume of movement in reserves over the disclaimed period • The strength of the control environment in place over the period of disclaimed opinions • Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period • Previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements • The level of reserves in place over the disclaimed period • Issues reported by Internal Audit and in the Annual Governance Statements 	<p>Our initial indications from this work are that the Council is at the higher end of the risk spectrum for building back assurance. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period.</p> <p>In 2025/26, we will conclude our qualitative risk assessment and commence substantive testing over the disclaimed period income and expenditure transactions as part of our build back work.</p>



Building back assurance

Component	Activity	Work planned
<p>Planning</p>	<p>Quantitative Risk Assessment (LARRIG 06)</p> <p>We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening general fund and HRA balances and associated earmarked reserves following prior year disclaimers. In the prior year we commenced our detailed analysis of the Council's useable and unusable reserves movements over the disclaimed period, with a view to assessing the cumulative impact of movements and the impact of any identified inconsistencies or irregularities.</p>	<p>Our initial indications from this work are that the Council is at the higher end of the risk spectrum for building back assurance. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. In 2025/26, we will conclude our qualitative risk assessment and continue substantive testing over the disclaimed period income and expenditure transactions as part of our build back work.</p>

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Building back assurance

Component	Activity	Work planned
Planning	<p>Integrity of accounts and agreement of financial statements to Council systems</p> <p>We need to confirm that the accounts produced each year during the disclaimed period agree to the Council's own systems, such as agreeing the accounts to the general ledger for the year in question and agreeing the opening ledger for each year to the prior year financial statements. In the prior year we commenced our work in this area.</p>	<p>In 2025/26 we will conclude our work over the disclaimed period. In 2025/26 we will maintain this assurance by undertaking our standard audit procedures.</p>
Planning	<p>Review of predecessor auditor files</p> <p>We have contacted the predecessor auditor to arrange our review of their prior year files throughout the disclaimed period and to the last clean opinion.</p>	<p>We have concluded our work reviewing the predecessor auditor's files over the disclaimed period.</p>
Planning	<p>Consideration of fraud and the control environment over the disclaimed period</p> <p>We are required by LARRIG06 and ISA315 to consider the risk of fraud and the control environment over the disclaimed period. In the prior year we concluded our work in this area.</p>	<p>We have concluded our work over the disclaimed period. In 2025/26 we will maintain this assurance by undertaking our standard audit procedures.</p>

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Building back assurance

Component	Activity	Work planned
Substantive testing	<p>Property, Plant and Equipment: building back assurance over the disclaimed period</p> <p>In order to build back assurance over the reserves, we are required to undertake substantive testing of movements in property, plant and equipment over the disclaimed period. In the prior year we commenced our work in this area.</p>	In 2025/26 we will conclude our work building back assurance over the Council's property, plant and equipment movements over the disclaimed period. In 2025/26 we will maintain this assurance by auditing the current movements for property, plant and equipment.
Substantive testing	<p>Capital financing requirement and minimum revenue provision: building back assurance over the disclaimed period</p> <p>In order to build back assurance over the reserves, we need to substantively verify the calculations behind the capital financial requirement and minimum revenue provision over the disclaimed period. In the prior year we commenced our work in this area.</p>	In 2025/26 we will conclude our work building back assurance in this area over the disclaimed period. In 2025/26 we will maintain this assurance by auditing the current disclosures for these areas.
Substantive testing	<p>Journals over the disclaimed period</p> <p>To mitigate the risk of management override of controls over the disclaimed period, we need to undertake substantive, risk-based journals testing over the disclaimed period. We plan to commence our work in this area during 2025/26.</p>	In 2025/26 we will commence our work building back assurance in this area over the disclaimed period and maintain this assurance for the 2025/26 period.
Substantive testing	<p>Income and expenditure transactions over the disclaimed period</p> <p>Our risk assessment has indicated that the Council is at the higher end of the risk spectrum for building back assurance. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period.</p>	In 2024/25 we completed our work building back assurance on HRA income and housing benefit grant income over the disclaimed period. We commenced our work building back assurance on housing benefit expenditure, depreciation and other service expenses over the disclaimed period. In 2025/26 we will conclude the substantive audit of employee expenditure transactions over the disclaimed period.

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Building back assurance

Component	Activity	Work planned
Scale fee audit 2025/26	<p>Closing balances as at 31 March 2026</p> <p>Obtaining full closing assurance over all balances as at 31 March 2026 is subject to:</p> <ul style="list-style-type: none"> • management implementing in full the recommendations raised during our 2024/25 audit to support the building back of assurance • obtaining historic assurance over those balances directly influenced by the opening position • receiving full assurances from the pension fund auditor in respect of the net pension liability (IAS19) • no significant errors being identified in either our build back assurance work or the current year audit 	<p>In 2025/26 we plan to obtain full closing assurance over all balances as at 31 March 2026.</p> <p>Once obtained, this will form the first of three years of required closing assurance required to move to a non-disclaimed position in 2027/28.</p>
Scale fee audit 2025/26	<p>Income and expenditure and in year movements for the period ending 31 March 2026</p> <p>This is in addition to obtaining income and expenditure assurance across the disclaimed period.</p>	<p>In 2025/26 we plan to obtain full assurance over all income, expenditure and in year movements for the period ending 31 March 2026.</p>
Reporting	<p>Reporting the results of the audit</p> <p>We will once again provide a detailed Audit Completion Report providing additional information over the build back work undertaken, the outcome of our work and the progress against the overarching build back journey. This includes the additional work required to issue the disclaimer of opinion, additional review and consultation requirements and additional file documentation requirements.</p>	<p>In 2025/26 we will issue an extended Audit Completion report to the Audit and Governance Committee before the backstop date of 31 January 2027.</p>

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Value for money

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Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

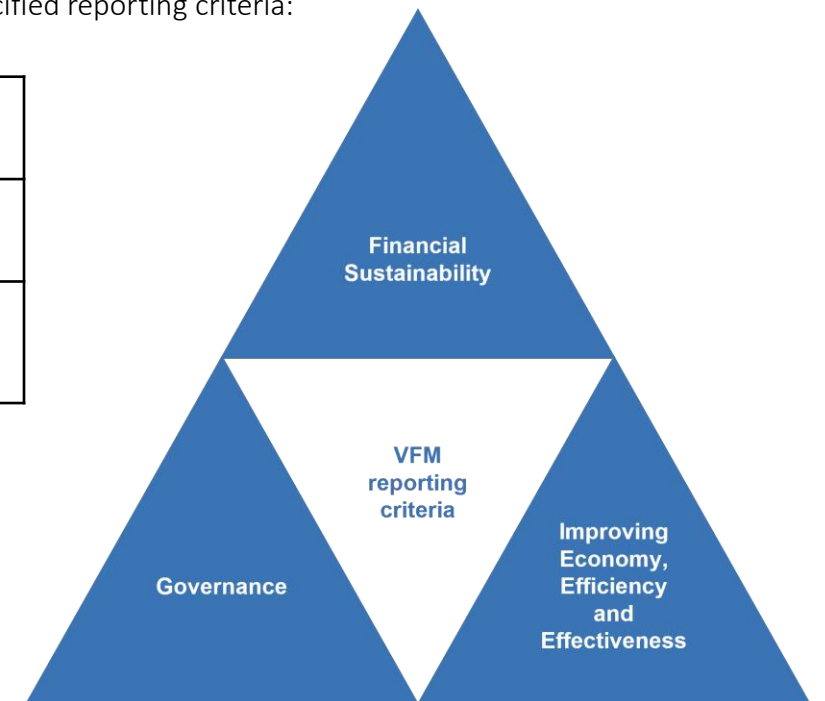
NAO Auditor Guidance Note 03 'Auditors' Work on Value for Money Arrangements' ("AGN 03") was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

151	Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
	Governance	How the body ensures it makes informed decisions and properly manages risk
	Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. We may make recommendations following the completion of our work.



Value for money

Risks of significant weakness

We have carried out an initial risk assessment to identify any risks of potential significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. For 2025/26 the National Audit Office’s draft updated VFM guidance (AGN03) highlights that the arrangements bodies put in place to manage reorganisation fit within the scope of VFM arrangements work. There is a risk that significant weaknesses may increase where an entity is involved in, or planning, for reorganisation.. Our VFM work will therefore be extended in 2025/26 to consider the impact of local government reorganisation on the council’s VFM arrangements. The risks we have identified are detailed in the table below along with the further procedures we will perform.

Reporting criteria	2024/25 significant weaknesses reported?	2025/26 planning: risk of significant weakness identified?	Risk based procedures include but are not limited to the following:
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	Whilst we have not identified, at this stage, any risks of significant weakness, we will consider as part of our review the arrangements in place around the Council’s financial planning.
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	We raised three significant weaknesses in governance arrangements as part of our 2024/25 VFM work. These are outlined on the following pages. We will review progress in implementing our recommendations to address these weaknesses as part of our work in 2025/26.
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

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Value for money

Significant weaknesses and key recommendations

The significant weaknesses we identified in the prior year and the key recommendations made are set out below.

Significant weakness identified 2024/25	Sub criteria	Key recommendation 2024/25
<p>Governance The council was unable to provide documentation that supported the initial and ongoing decisions made by the project board historically in relation to the implementation of Unit 4. Specifically, considerations of the risks and potential impacts associated with implementing a new system which had not been fully developed at the point of implementation.</p>	<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance</p>	<p>We recommend that the Council records are maintained for key procurement activities, which clearly support management’s decision-making process. For such decisions, the Council should perform options appraisals, considering the risks present and mitigations needed to reduce any risks present to an acceptable level.</p>
<p>Governance The council has been unable to produce the 2023/24 and 2024/25 accounts in line with the statutory deadline of 31 May due to capacity restrictions within the finance team, and issues with the implementation of the new accounting software Unit4.</p>	<p>how the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>We recommend that the Council ensure sufficient capacity is available within the finance team, on a substantive basis to ensure the financial accounts can be produced to the required quality standards and in line with statutory deadlines.</p>



Value for money

Continued

Significant weakness identified 2024/25	Sub criteria	Key recommendation 2024/25
<p>Governance Communication to members in regarding the ongoing implementation delays relating to Unit 4 did not fully communicate the severity, extent or the impact of the issues experienced.</p>	<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance</p>	<p>We recommend that the Council enhance the transparency, regularity and timeliness of reporting to members, with a specific focus on the continued implementation of the Unit4 ERPx system.</p>

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Audit team and requirements

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Audit team and requirements

Your core audit team

Partner	Director	Assistant Manager
<p>Laura Hinsley Laura.Hinsley@azets.co.uk</p> <p>Laura is the key contact for senior management and has overall responsibility for audit quality and the audit opinion.</p>	<p>Helen Parks Helen.parks@azets.co.uk</p> <p>Helen is responsible for the overall management of the audit and quality assurance of audit work. She is the key contact for the finance team management. Helen will also lead on our value for money work. She is responsible for meeting with Officers and Members and reviewing the arrangements for obtaining value for money</p>	<p>Ava Campbell Ava.campbell@azets.co.uk</p> <p>Ava leads the on and off-site audit visits. She is the key day-to-day contact for the finance team.</p>

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Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- ▶ Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- ▶ The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- ▶ The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing
- ▶ Ensuring staff are available and on site (as agreed) during the period of the audit;
- ▶ Prompt and sufficient responses to audit queries within three days to minimise delays.

The audit process is underpinned by effective project management to ensure we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.



Audit independence, objectivity and other services provided

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Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession’s ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC’s Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office’s Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- ▶ Non-audit services: We provide assurance services as set out below
- ▶ Contingent fees: No contingent fee arrangements are in place for any services provided
- ▶ Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff
- ▶ Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

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Non-audit service fees

Service	2025/26 Fee £	Threats identified and safeguards to mitigate threats to independence
Certification of Housing Benefit Assurance Process (HBAP) claim (2025/26)	£28,000 (plus £2,000 for each additional workbook)	<p>Self-interest: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or North West Leicestershire District Council. The fee is fixed and is not contingent in nature.</p> <p>Self-review: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management.</p> <p>Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report.</p> <p>We therefore consider these risks sufficiently mitigated.</p>



Independence, objectivity and other services provided continued

Service	2025/26 Fee £	Threats identified and safeguards to mitigate threats to independence
Certification of pooling of Housing Capital Receipts return (2025/26)	10,000	<p>Self-interest: The fee is not significant to Azets Audit Services or North West Leicestershire District Council. The fee is fixed and not contingent in nature.</p> <p>Self-review: Whilst HRA right to buy proceeds are included within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management.</p> <p>Management: the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report.</p> <p>We therefore consider these risks sufficiently mitigated.</p>

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Fees

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Fees

Our estimated fees for the year ending 31 March 2026 are shown to the right.

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s Ethical Standard (revised 2024). These stipulate the Partner must set a fee sufficient to enable the resourcing of the audit with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors’ experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

or

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on page 5 are met.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

The PSAA contract stipulates that fees must be raised upon completion of specific milestones:

- ▶ Issue of prior year’s draft Auditor’s Annual Report or Opinion issued, but not before 1 December
- ▶ Issue of the Draft Audit Plan
- ▶ Completion of 50% of planned hours
- ▶ Completion of 75% of planned hours



Audit fees	Proposed fee £
Scale fee: for the audit of the Council financial statements	168,326
Value for money: additional work required to meet the NAO’s Code requirements in respect of the arrangements for local government reorganisation	TBC
Other additional fees, for example the use of audit experts for property valuations	TBC
Additional fees for work undertaken to build back assurance over the disclaimed period	TBC
Enhanced disclaimer reporting: Additional work required to issue the disclaimer of opinion. This includes the extended reporting contained in this report and the audit plan, additional review and consultation requirements and additional file documentation requirements	TBC
Total audit fees	TBC

MHCLG has announced additional funding to Councils to support the cost of building back assurance. This is subject to draft accounts being published by 30 June 2026 and audit fees being paid.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here: [Fee Variations Overview - PSAA](#).

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- ▶ Actuarial valuation of the defined benefit pension liability
- ▶ RICS compliant valuation of land and buildings and investment property

Fees

The approximate total fees charged to the Council for the provision of services in 2025/26 is as follows:

Non audit fees for other services	Proposed fee £
Council audit	TBC
Total audit fee	TBC
Non audit services- HBAP certification and Certification of pooling of Housing Capital Receipts	38,000
Total fees charged	TBC

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	SENIOR INFORMATION RISK OFFICER (SIRO) ANNUAL REPORT	
Presented by	Rochelle Tapping Interim Head of Legal and Support Services and Monitoring Officer	
Background Papers	Standards and Ethics Report Q1 2025 Standards and Ethics Report Q2 2025 Standards and Ethics Report Q3 2026	Public Report: Yes
Financial Implications	There are no financial implications arising out of this report.	
	Signed off by the Acting Section 151 Officer: yes	
Legal Implications	The report relates to the Council's statutory obligations under the UK General Data Protection Regulation, the Data Protection Act 2018, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.	
	The SIRO role forms part of the Council's governance arrangements for ensuring compliance with these legal duties.	
	The report provides assurance regarding compliance and identifies areas of risk and improvement.	
Staffing and Corporate Implications	There are no staffing implications arising out of this report.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	The purpose of this report is to present to Members for consideration the SIRO's annual report for 2025/26 and to provide assurance to the Audit and Governance Committee regarding the effectiveness of the Council's information governance framework and risk management arrangements.	
Recommendations	THAT AUDIT AND GOVERNANCE COMMITTEE NOTES THE REPORT OF THE SIRO AND PROVIDES ANY COMMENTS.	

1.0 BACKGROUND

- 1.1 The Council has a Senior Information Risk Owner (SIRO) to oversee its information risk management and ensure regulatory compliance. The Council's SIRO is the Head of Legal and Support Services.
- 1.2 The responsibilities of the SIRO are as follows:
 - To be accountable for risk management in relation to information governance at the Council;
 - To take overall ownership of the Council's information risk approach, including the information governance framework; and
 - To oversee the information security incident procedure and the Council's compliance in relation to dealing with information security incidents (data breaches).
- 1.3 The SIRO has produced an annual report to provide an overview of the Council's compliance in relation to regulatory requirements and to set out how information risk has been managed across the Council over the financial year 2025/26. It demonstrates how the Council has continued to meet its statutory regulatory requirements relating to the processing of personal data under the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA 2018) as well as its duty to be transparent through compliance within the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.
- 1.4 The SIRO's report for the period 1 April 2025 - 31 March 2026 is appended at Appendix 1.

Policies and other considerations, as appropriate	
Council Priorities:	A Well-Run Council
Policy Considerations:	The roles and responsibilities of the SIRO are set out in the Council's Information Governance Framework.
Safeguarding:	N/A
Equalities/Diversity:	N/A
Customer Impact:	N/A
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon	N/A
Consultation/Community/Tenant Engagement:	N/A
Risks:	<p>The annual SIRO report provides an overview of how information risk has been managed, with risk consideration forming a core element of the report.</p> <p>Failure to effectively manage information governance risks may result in data breaches, regulatory enforcement action by the Information Commissioner's Office, financial penalties and reputational damage to the Council.</p> <p>This report provides assurance on how such risks are being identified, managed and mitigated.</p>
Officer Contact	<p>Laurent Flinders Data Protection Officer</p> <p>laurent.flinders@nwleicestershire.gov.uk</p>

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SENIOR INFORMATION RISK OWNER
REPORT 2025-26

1. Introduction

The responsibility for effective information risk management is shared by all staff across the Council.

The Council's Senior Information Risk Owner (SIRO) oversees information risk management and ensures regulatory compliance. The Council's SIRO is the Head of Legal and Support Services.

The work of the SIRO is delivered through the Information Governance Team, which is led by the Council's Data Protection Officer.

The responsibilities of the SIRO include:

- To be accountable for risk management in relation to information governance at the Council
- To take overall ownership of the Council's information risk approach, including the information governance framework
- To oversee the information security incident procedure and the Council's compliance in relation to dealing with information security incidents (data breaches)

The SIRO meets with the Information Governance Team on a quarterly basis to:

- Review compliance in relation to responding to requests for information and identify any areas of concern/potential risk
- Identify whether any organisational or technical measures are required to address any risks presented by information security incidents that have occurred
- Oversee compliance on the completion and review of data privacy impact assessments
- Identify and keep under review any potential projects that may involve data protection compliance
- Keep the Council's information governance framework under review, taking account of any changes required because of new or amended legislation, guidance, or other relevant factors
- Review key information governance risks and monitor through the Council's Corporate Risk Register and escalate where appropriate to Corporate Leadership Team and Members.

2. Purpose of the Report

The purpose of this report is to provide an overview of the Council's compliance with regulatory requirements and to outline how information risk has been managed across the organisation over the past year. It demonstrates how the Council has continued to meet its statutory obligations in relation to the processing of personal data under the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018, as well as its duty to act transparently through compliance with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

The content of this report may vary from year to year depending on the activities undertaken and may include:

- An overview of key achievements
- An overview of performance related to information governance
- Compliance with statutory deadlines
- Management of information security incidents
- The Council's compliance with legislative and regulatory requirements relating to the handling of information, including compliance with the Data Protection Act 2018 (DPA), Freedom of Information Act 2000 (FOI) and Environmental Information Regulations 2004 (EIR)
- Overview of training and awareness
- Policy and procedure updates
- Objectives for the upcoming year

3. Information Requests

Members of the public can request information from the Council under the Freedom of Information Act 2000 (FOIA) and/or the Environmental Information Regulations 2004 (EIR). The EIR applies to all information which relates to the environment, including land, air, water, soil, buildings, animals and people, pollution of all kinds, waste, health and safety. This also includes reports, measures and analysis of environmental information. The FOIA applies to all other information. There are statutory deadlines by which the Council must respond to these requests for information. Under the legislation, the Council can apply exemptions where it is appropriate to do so to protect the information from disclosure e.g. confidential information. Each exemption has certain criteria that must be met before it can be applied and, in some cases, the Council is required to consider a public interest test. The Council reports to its Audit and Governance Committee quarterly on how it is performing in relation to responding to information requests.

The following table sets out the number of requests received and responded to within the period 1 April 2025 - 31 March 2026:

Request Type	Number of Requests
FOI	641
EIR	62
SAR	90

The following table sets out the number of requests received and responded to within the period 1 April 2024 - 31 March 2025:

Request Type	Number of Requests
FOI	655
EIR	17
SAR	54

From the above figures it can be noted that:

- There has been a slight decrease in the number of FOI requests received.
- There has been a significant increase in the number of EIR requests received.
- There has been a significant increase in the number of SAR requests received.

There are several factors believed to have contributed to the increase in the number of Subject Access Requests (SARs) received, including:

- Increased public awareness of data protection rights, particularly the right of access under data protection legislation.
- Greater use of SARs in complaints, disputes, and legal proceedings, where individuals seek access to their personal data to support their position or challenge decision-making.

There are several factors believed to have contributed to the increase in the number of Environmental Information Regulations (EIR) received, including:

- Training and awareness – The definition of environmental information under the Environmental Information Regulations (EIR) is broad and includes information such as policies, plans, and strategies. As awareness and understanding of the scope of the EIR has improved, requests that may previously have been handled under the Freedom of Information Act are now appropriately treated as EIR requests.
- Planning and development activity – Increased interest in local planning and development activity, which may include residents, community groups or other stakeholders, has resulted in a higher volume of requests for environmental information relating to these matters.

The statutory timescale for responding to Freedom of Information and Environmental Information Regulations requests is 20 working days, which may be extended by a further 20 working days where a request is complex or voluminous. The statutory timescale for responding to Subject Access Requests is one calendar month.

The table below sets out the percentage of requests responded to within the statutory timescales:

2025-26	Q1	Q2	Q3	Q4
FOI (Total Received)	161	154	161	165
FOI (% responded to within the statutory timeframe)	91%	90%	93%	95%
EIR (Total Received)	10	15	14	23
EIR (% responded to within the statutory timeframe)	90%	87%	93%	96%
SAR (Total Received)	25	24	19	22
SAR (% responded to within the statutory timeframe)	100%	87%	95%	90%

Overall, the table above shows that the Council’s target response rate of 90% has largely been achieved throughout the year.

An internal review is a formal process that allows a requestor to ask the Council to reconsider how their request was handled where they have expressed dissatisfaction with the outcome.

The below table shows the number of internal review requests per quarter. This covers FOI, EIR & SAR requests.

Q1	Q2	Q3	Q4
4	3	2	6

The above table shows a total of 15 internal reviews were requested during the period 01 April 2025- 31 March 2026. The request for internal reviews has seen a significant increase on the 4 internal reviews that were requested during the period 01 April 2024- 31 March 2025.

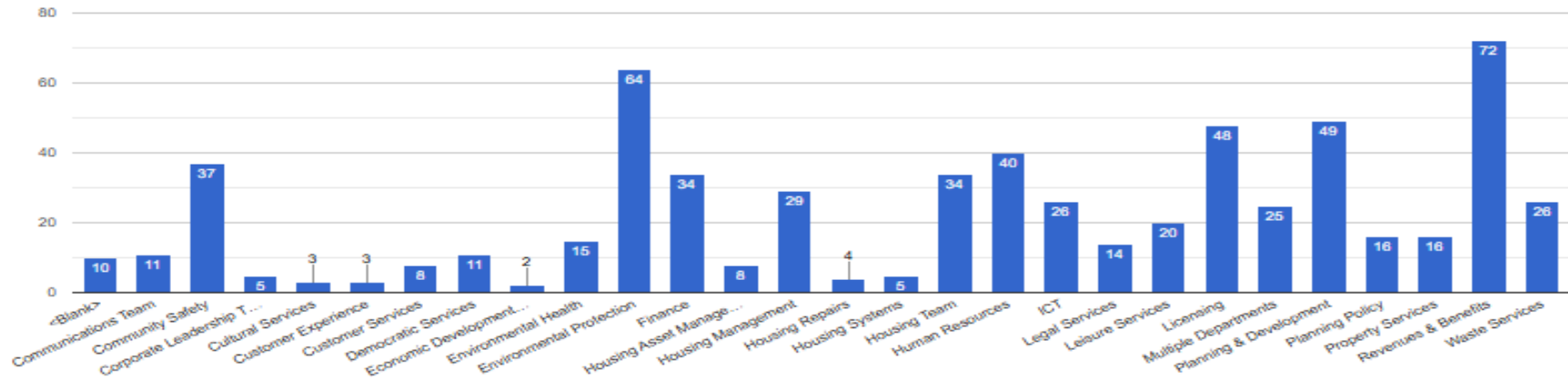
The Information Governance Team believes that the increase in internal review requests is due to greater awareness among requesters of their right to seek a review before escalating a matter to the Information Commissioner’s Office (ICO). This awareness has increased because of clearer ICO guidance and improved signposting.

It is also recognised that requests are becoming increasingly complex and voluminous, which can result in partial disclosures, extensions or refusals. These outcomes are more likely to lead requesters to seek an internal review.

In addition, internal review requests are often linked to wider issues such as complaints, planning or development matters, environmental or community concerns or service delivery disputes. In such cases, requesters may use the internal review process as part of a broader challenge to the Council's actions or decisions.

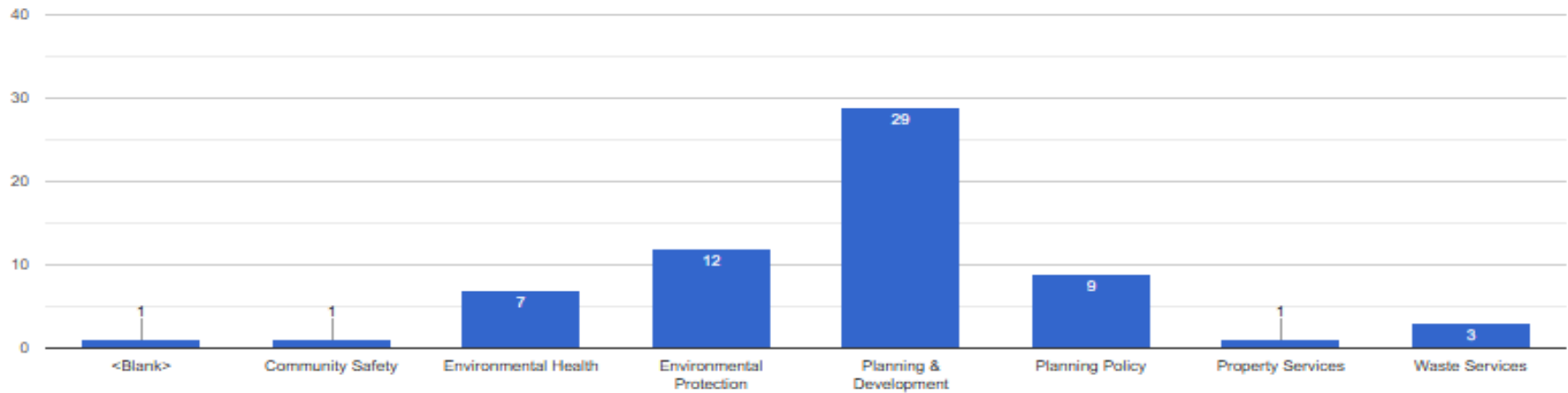
Official

The following table represents the number of FOI requests received by service area:



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The following table represents the number of EIR requests received by service area:



The above tables show that Revenues and Benefits and Environmental Protection received the highest number of FOI requests. Planning and Development received the highest number of EIR request.

4. Information Security Incidents

An information security incident (data breach) is a security risk which can result in the accidental or unlawful loss, destruction or disclosure of information. There have been 37 information security incidents reported during the period of 1 April 2025 – 31 March 2026. Each security incident has been investigated by a member of the Information Governance Team and where appropriate, measures and mitigations have been made to prevent the reoccurrence of similar incidents.

A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data.

Personal data breaches can be categorised into:

- Confidentiality breach, where there is an unauthorised or accidental disclosure of or access to personal data
- Availability breach, where there is a or loss of access to or destruction of personal data
- Integrity breach, where there is unauthorised or accidental alteration of personal data

Of the 37 information security incidents reported, these were categorised as follows:

29 Confidentially Breaches
8 No breach

The table below provides a breakdown of the reported information security incidents by incident category:

Verbal disclosure of personal data	2
Data emailed to incorrect recipient	11
Failure to redact	4
Data posted to incorrect recipient	4
Breach of consent or data minimisation principles	4
Loss/theft of device containing personal data	2
Unauthorised Access	1
Data used beyond its intended purpose	1

The highest incident category related to data being emailed to an incorrect recipient. This is reflective of the high volume of email communications across the organisation and mirrors the most common category of breaches reported to the Information

Commissioner's Office. To address this risk, the Information Governance Team is working in collaboration with the IT Team to implement tools available within the Microsoft Purview suite, which will strengthen data governance controls and help reduce the likelihood of incidents associated with this type of breach.

During the reporting period, three data breaches met the threshold for notification to the Information Commissioner's Office. Each incident was investigated in line with the Council's Data Breach and Information Security Procedure and assessed against the corporate risk matrix. It was determined that the potential risk to the rights and freedoms of the affected individuals met the statutory threshold for notification to the ICO in accordance with Article 33 of the UK GDPR.

Immediate mitigation actions were implemented to reduce any ongoing risk to the individuals concerned. In addition, further recommendations were provided to the relevant service areas to minimise the risk of similar incidents occurring in the future.

The Information Commissioner's Office has responded in respect of two of the reported incidents and has confirmed that these cases have now been closed. No further communication has been received from the Information Commissioners Office in relation to the third breach.

While it is recognised there will be a degree of human error, the Council has implemented the following measures to reduce the likelihood of information security incidents occurring:

- Launch of an updated mandatory online information governance and data protection training course on 1 April 2025.
- Ongoing Data Protection training delivered through Corporate Governance training sessions, supporting continued staff awareness and compliance.
- Completion of site audits at Whitwick Business Centre, Customer Services Centre, and the Depot to provide assurance of compliance with data protection requirements.
- Regular review and updating of policies and procedures, supported by the development and implementation of guidance documents for staff.
- Exploration and utilisation of Microsoft Office functionality to reduce information security risks, including the use of tools such as email classifications and data handling controls.
- Review and update of core data protection documentation, including the Information Asset Register (IAR) and Records of Processing Activity (ROPA), to strengthen compliance and accountability.
- Ongoing review of Data Sharing Agreements, Data Processing Agreements, and Data Protection Impact Assessments (DPIAs) to ensure they remain current, lawful, and proportionate.

4. Organisational Compliance with Regulatory Requirements

Data (Use and Access) Act 2025

The Data Use and Access Act 2025 (DUAA) received Royal Assent on 19 June 2025. The Act amends and clarifies aspects of the existing data protection framework but does not replace the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 (DPA 2018), or the Privacy and Electronic Communications Regulations (PECR).

The Act is being implemented on a phased basis between June 2025 and June 2026, supported by secondary legislation. The Information Governance Team is monitoring these developments and will implement appropriate actions and training to ensure continued compliance.

The Information Governance Team is also working to formalise the Council's processes to support the new statutory right for data subjects to complain under the Act. While data protection complaints were already handled by the Information Governance Team, the introduction of this right has prompted a review to ensure the process is clear, easily accessible to data subjects and supported by updated policies and procedures.

Data Protection Impact Assessments

The Council manages a wide range of personal information that is essential to the delivery of its services. The Council has a statutory responsibility to ensure that its information systems and supporting processes meet requirements relating to security, confidentiality, data protection and data quality.

When new policies, systems or changes to existing practices involving the processing of personal data are introduced, the Council undertakes Data Protection Impact Assessments (DPIAs). DPIAs help to identify and mitigate risks to individuals' privacy and ensure that appropriate measures are in place to protect personal data throughout the lifecycle of a project or service.

During the period 1 April 2025 to 31 March 2026, a total of 17 DPIAs were completed, compared to 10 in the previous reporting year. This increase reflects the continued delivery of mandatory e-learning and Corporate Governance training, alongside improved staff awareness of the requirement to complete an initial DPIA screening where a project or service involves the processing of personal data. The requirement to consider whether a DPIA is necessary has been implemented within the Council's procurement processes to ensure that any new projects or services being procured are appropriately assessed for data protection risks at an early stage.

All completed screenings are reviewed by the Information Governance Team to determine whether a full DPIA is required. While a DPIA is mandatory where processing is assessed as high risk to the rights and freedoms of individuals, it is also used as a valuable early stage tool to identify and manage data protection risks in new or changing projects and services.

In collaboration with the Council's Project Officer, an internal online Data Protection Impact Assessment form has been developed for use via the staff portal. This will support officers in completing DPIAs more effectively, provide a clear audit trail of updates and amendments and improve oversight and management of DPIA reviews. The form has been built and demonstrated within the Information Governance Team, with the next stage being roll out to wider teams for user testing.

Training and Compliance

Information governance training is mandatory for all officers including temporary and agency staff. It is carried out annually by all staff via an online platform.

The training programme scheduled for completion during the year was reviewed and updated to ensure it remained fit for purpose. In addition, further targeted training is planned to focus on Freedom of Information (FOI), Environmental Information Regulations (EIR), and Data Protection requests.

Audit

The Data Protection audit was completed during 2025/26, achieving a 'reasonable' level of assurance. Two medium recommendations were made, both of which have now been completed and closed.

Artificial Intelligence (A.I)

The Council undertook a trial of Microsoft Copilot involving selected users from a range of service areas. Prior to the commencement of the trial, users were provided with guidance and training to support data protection requirements. The trial has now concluded and the Information Governance Team will work closely with the Transformation Team to ensure that data protection compliance is maintained in respect of any future roll out. Consideration is also being given to what supporting documentation, including policies and procedures, may be required to underpin the appropriate use of AI technologies. The associated DPIA will remain under regular review and be updated as necessary.

Policies and Procedures

The Information Governance Framework has four policies that sets out the Council's approach to information governance. The policies were approved by Cabinet on the 24 February 2026, following presentation to the Audit and Governance Committee on the 4 February 2026. The policies included in the framework include:

- The Data Protection Policy
- The Information Security Policy
- The Information Rights Policy
- The Records Management Policy

The following procedure documents form part of the Information Governance Toolkit:

- Procedure for Information Sharing
- Information Requests Procedure
- Information Classification Procedure

The Surveillance Camera Technologies Procedure is currently in draft form and once finalised, will form part of the Council's governance toolkit. The procedure sets out the lawful, proportionate and transparent use of the Council's surveillance technologies. A cross service working group has been established to progress the development of the procedure and to ensure that data protection compliance is embedded on a Council wide basis. The procedure will be supported by service specific guidance documents.

The policies and procedures are kept under regular review by the Information Governance Team.

ICT Security

The ICT Manager has confirmed that the following ICT security measures are in place for protecting the organisation:

- An annual IT security health check is conducted by an external Information Assurance for Small and Medium Enterprises (IASM) organisation. Any critical, medium, and high risks are resolved. The IT security health check is an assessment of the Council's security posture, where the internal and external network is check for vulnerabilities, to ensure that best practice is being followed, systems and applications have been patched and updated as well as overall security health of the Council's IT arrangements
- Internal and external penetration testing is carried out, by a IASM security accredited supplier, with a remediation action plan in place to resolve any risks found. In 25/26, the Council had no critical, five high and six medium issues. The high and medium issues have now been remediated. The Council is currently working on renewing its Public Sector Network (PSN) accreditation for 25/26. The

PSN accreditation, provides assurance to the Cabinet Office that the Council has maintained compliance for connecting to government networks

- Phishing campaigns are conducted quarterly to test staff security awareness and feedback results to Corporate Leadership Team, with improvement plans in place for those who have not passed the test. Future campaigns will now include members as they were excluded previously.
- Quarterly Cyber Security awareness training is held for staff, members, and new starters, to protect staff at home and in the office. Completion rates remain below the desired level, which presents a compliance risk. Further measures are being explored to improve uptake and ensure mandatory training requirements are consistently met. Annual mandatory cyber security training is also undertaken and this completion rate for this in 2025 was 89%
- New business systems are run in remote fully resilient data centres and existing systems are being progressively migrated to cloud computing or software as a service (SaaS) models, aligned to the ICT strategy of cloud first approach
- Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials and the PSN are in progress
- All the remediation recommendations arising from recent internal audits have now been completed successfully. Some formalisations of processes were required, and these have been completed. An external vulnerability scanner has been purchased which allows the Council to scan and monitor the external perimeter daily and proactively mitigate issues. The latest scan showed 34 medium and 102 Low Vulnerabilities, which the Council is working to mitigate using the tool that has been purchased
- Council backups have now been migrated to the cloud, with daily backups now stored off site. This has improved the Council's backup strategy and recovery times. The Council now has the ability to restore and recover back up files quickly, directly from the cloud, as opposed to using tapes, which took a long time to restore and can be unreliable
- Results of IT Health Checks are now reported to the Audit and Governance Committee. The IT Manager attended the last meeting to provide an update on the IT Health Check, which was well taken
- The Council has completed the Cyber Assessment Framework (CAF) readiness program and is now working through the assurance piece of work with the Cabinet Office. This will ensure the Council is above the mandatory requirement for the completion of the CAF, when it is introduced into public and private sector organisations

5. Priorities for 2026/27

The Council's information governance priorities for the forthcoming year are as follows:

- Data Use and Access Act Implementation

To continue monitoring, interpreting and implementing requirements arising from the Data Use and Access Act and any associated secondary legislation. This includes incorporating the newly introduced data subject right to complain into the Council's existing corporate complaints framework. The updated online complaints process is scheduled to go live by 19 June 2026.

- Strengthening DPIA Compliance

To enhance Data Protection Impact Assessment (DPIA) compliance through the rollout of a standardised online DPIA form. This will support improved consistency, oversight, and audit capability across service areas, ensuring that privacy risks are identified and mitigated effectively.

- Surveillance Camera Governance

To implement the Council's Surveillance Camera Technologies Procedure and supporting documentation to strengthen compliance with legislative and regulatory requirements. This will include a comprehensive review of existing surveillance technologies currently deployed across the Council to ensure continued compliance and appropriate governance controls.

- Microsoft Purview Implementation

To further embed Microsoft Purview controls to enhance the security, classification, and management of the Council's information assets, supporting improved data protection and information security outcomes.

- Review of Statutory and Corporate Information Governance Documentation

To continue a review and update of key statutory and corporate information governance documents, including Privacy Notices, Record of Processing Activities (ROPA), Information Asset Register (IAR), Retention Schedules, Policies and Procedures.

6. Overall Assurance

Based on the work undertaken during 2025/26, the SIRO can provide reasonable assurance that the Council has appropriate information governance arrangements in place and is broadly compliant with its statutory obligations.

While the overall framework is effective, areas for continued focus include:

- Reducing incidents caused by human error
- Embedding new governance arrangements
- Managing increasing volumes and complexity of requests

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	MEMBER CODE OF CONDUCT ANNUAL REPORT	
Presented by	Rochelle Tapping Interim Head of Legal and Support Services and Monitoring Officer	
Background Papers	The Localism Act 2011 The current Councillors' Code of Conduct is available on the website and in the Constitution	Public Report: Yes
Financial Implications	There are no financial implications to be considered	
	Signed off by the Acting Section 151 Officer: yes	
Legal Implications	The report details complaints made to the Monitoring Officer under the Code of Conduct for Councillors for the period 2025/26. The report also allows the work and purposes of the Audit and Governance Committee in relation to standards matters to be communicated to the public.	
	Signed off by the Interim Monitoring Officer: yes	
Staffing and Corporate Implications	None arising from the report. The purpose of the Audit and Governance Committee is to oversee the Council's corporate governance.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	The Committee's Terms of Reference states that a report to full Council is required on the Committee's performance and effectiveness. The Annual Report sets out the Committee's work in relation to standards matters and the Committee is being asked to approve it prior to submission to Council. The Committee is also being asked to authorise the Interim Head of Legal and Support Services and Monitoring Officer to make any minor amendments following comments from the Committee.	
Recommendations	THAT THE COMMITTEE: NOTES THE ANNUAL MEMBER CONDUCT REPORT 2025/26 AND RECOMMENDS ITS SUBMISSION TO COUNCIL ON 11 JUNE 2026.	

1.0 BACKGROUND

- 1.1 It is important that the work of the Audit and Governance Committee should be visible to the Council and wider public. The Annual Member Conduct Report is attached as an appendix. The Annual Member Conduct Report acts as a helpful tool in communicating the work undertaken by the Audit and Governance Committee in relation to standards matters to the public and to Members.
- 1.2 The Committee is asked to note the Member Conduct Annual Report 2025/26 and recommend its submission to Council on 11 June 2026.

Policies and other considerations, as appropriate	
Council Priorities:	A Well-Run Council
Policy Considerations:	The Code of Conduct for Councillors and the Constitution.
Safeguarding:	N/A
Equalities/Diversity:	Detailed in the Annual Member Conduct Report attached as an appendix.
Customer Impact:	None arising directly from the report. Details regarding the process for making a complaint about a councillor are on the Council's website.
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon	N/A
Consultation/Community/Tenant Engagement:	N/A
Risks:	By reporting on complaints made under the Member Code of Conduct to the Monitoring Officer and ensuring the Code of Conduct is kept under review by the Committee, and endorsed by Full Council, the Council can ensure that Members are aware of their obligations under the Code and mitigate risks associated with misconduct and non-compliance.
Officer Contact	Emma Lant Legal Team Leader – Governance emma.lant@nwleicestershire.gov.uk



MEMBER CONDUCT ANNUAL REPORT 2025-26

1. Introduction

This is the Member Conduct Annual Report of North West Leicestershire District Council's Audit and Governance Committee and covers the period from 1 April 2025 to 31 March 2026.

In addition to the responsibilities detailed in the Terms of Reference below, the Audit and Governance Committee promotes high standards of conduct by District Council Members and Members of Town/Parish Councils in North West Leicestershire. The Audit and Governance Committee complies with the requirements of the Localism Act 2011, applicable regulations and the guidance provided under that legislation, together with the Council's adopted Arrangements for Dealing with Complaints about Councillors.

In February 2022, Council adopted a new version of its Code of Conduct for Councillors, which was based on the Local Government Association Model Code of Conduct, and followed collaboration with other Leicestershire District and Borough Councils and Leicestershire County Council.

2. Audit and Governance Committee Terms of Reference

Membership: Ten District Councillors

Quorum: Six District Councillors (as of 1 March 2026)

The Terms of Reference of the Audit and Governance Committee are set out in Section D7 of Part 2 of the Constitution and can be found via this link:

[Council Constitution - March 2026.pdf](#)

The Audit and Governance Committee has responsibility for governance issues, including audit functions. Its scope is to provide independent assurance to those charged with governance on matters such as risk management, the internal control environment, financial reporting, internal and external audit and standards matters. It also oversees the work on reviewing the Council's Constitution, corporate governance policies, Councillors Code of Conduct and Arrangements for Dealing with Complaints about Councillors and receives the annual letter from the Local Government and Social Care Ombudsman. Sub-Committees of the Audit and Governance Committee are formed as required to deal with matters relating to complaints about Councillors.

3. Composition

District Councillors

The following Councillors were appointed to the Committee on 13 May 2025.

Chair: Councillor J Simmons (appointed as Chair on 11 March 2026)
Councillor R Boam
Councillor D Cooper
Councillor D Everitt
Councillor P Moulton
Councillor G Rogers
Councillor N Smith
Councillor R Sutton (former Chair, resigned as Chair on 26 February 2026)
Councillor A Wilson
Councillor Johnson (resigned as A&G committee member on 8 March 2026)

Parish Representatives

The following parish councillors were appointed as Parish Representatives for the remainder of the Administration in June 2024:

Councillor M McIntyre – Lockington and Hemington Parish Council
Councillor R Woodward – Whitwick Parish Council

Part of the role of the Audit and Governance Committee is to hold Sub-committees to investigate complaints against Councillors (District and Parish). As provided for in the Council's Constitution, the Sub Committees may co-opt at least one parish councillor when decisions are taken concerning a parish matter. This will be as and when required. The Parish representatives will not be required to attend the main meetings of the Audit and Governance Committee. The Sub-committees have not considered it necessary to co-opt a Parish Councillor in the last year.

Independent Persons

The legislation requires the Council to appoint at least one Independent Person who potentially advises all those involved in a code of conduct complaint, including the Monitoring Officer, and who must be consulted prior to the determination of a complaint.

Through a joint advertising process with the Leicestershire District and Borough Councils, led by Oadby and Wigston Borough Council, the Council appointed the following pool of independent persons from whom one can be drawn as and when required:

Mr Richard Gough
Mr Michael Gibson
Mr Laurence Faulkner
Mr Mark Shaw
Mr Gordon Grimes
Mr Michael Chad Smith
Mr Matthew Johnson

The Independent Persons were appointed by Full Council on 13 May 2025 until May 2029.

The main officer support for the Committee on member conduct is provided by the Monitoring Officer, the Governance Legal Team Leader and the Democratic Support Officer. Professional advice on other matters is provided to the Committee by the S151 Officer and Internal Audit Manager and other officers, as required.

4. Meetings and Work Programme

The Audit and Governance Committee meets in accordance with the programme set by Full Council. The Chair of the Committee, in their discretion, may convene an additional meeting not in the programme. Sub committees still meet on an ad hoc basis in order to consider and determine allegations of Member conduct. The Committee has its main work planned in advance through a Work Programme which enables it to be more proactive, strategic and focused in its approach to key issues. The work of the sub committees is not programmed as the meetings are called as and when needed.

5. Reporting Arrangements

The Audit and Governance Committee receives quarterly Standards and Ethics Reports which provide information in two categories: Local Determination of Complaints and Ethical Indicators.

The report enables the Audit and Governance Committee to keep track of how many complaints are received by the Monitoring Officer each quarter and how these are dealt with. Where the

Councillor Code of Conduct has been breached, this will also be recorded to enable the Committee to determine whether there needs to be further targeted training.

The report also allows the Committee to have oversight on the quarterly data for Ethical Indicators. This includes reporting on instances of concern raised regarding Modern Slavery, reporting of whistleblowing incidents, whether the Council has used its Regulation of Investigatory Powers Act (RIPA) powers, and several other indicators.

6. Procedures and Workloads

(a) Dispensations

During 2025/26, there were no dispensations granted.

(b) Complaints made to the Monitoring Officer under the Code of Conduct during 2025/26

The Monitoring Officer deals with complaints in line with the Council's Arrangements for Dealing with Complaints about Councillors. The Arrangements can be found on the Council's website via the following link:

[Arrangements for Dealing with Complaints about Councillors 2026.pdf](#)

The Arrangements for Dealing with Complaints about Councillors were reviewed in 2025/26 and the updated Arrangements were adopted by Council on 19 February 2026.

The first stage of dealing with a complaint is a consideration of the initial tests. The Arrangements for Dealing with Complaints about Councillors provide that if the initial tests are not met, the complaint will not proceed.

If the complaint does proceed, the next step is informal resolution. This is where the Monitoring Officer works with the complainant and the subject member to see whether the complaint is one that can be resolved informally to the satisfaction of both parties. No finding is made in relation to the Code and parties can decide whether they wish to take part in this step.

If the complaint is not resolved informally, for whatever reason, the Monitoring Officer refers the complaint to the Assessment Sub-Committee. The Assessment Sub-Committee makes a decision about whether the press and public should be excluded from the meeting under Schedule 12A Local Government Act 1972. The Sub-Committee makes this decision having regard to the advice from the Monitoring Officer and an assessment of the public interest. Under the Council's Arrangements for Dealing with Complaints about Councillors. There is a presumption that the meeting will be held in private. This is in line with the Local Government Association Guidance on Member Code of Conduct Complaints Handling (2021).

On consideration of a complaint, the Assessment Sub-Committee has the following decisions available to it:

- Refer the complaint to the Monitoring Officer to take other action – this is fact specific to the matter being considered.
- Request further information from the parties.
- Refer the complaint to the Monitoring Officer for investigation.
- No action to be taken in respect of the complaint.

The table below summarises the complaints which have been received during 2025/26. This information is reported on quarterly basis to the Audit and Governance Committee.

<u>Qtr</u>	<u>Complaint from</u>	<u>About district/parish councillor</u>	<u>Regarding</u>	<u>Status</u>
1	District Councillor	District Councillor	Promoting another political party on social media	Initial tests not met
1	Member of the Public	District Councillor	Overhearing a comment made by one Councillor to another Councillor (the recipient Councillor did not raise a complaint about this)	Initial tests not met
1	Parish Clerk	Parish Councillor	Unacceptable behaviour over a telephone call	Ongoing – under investigation
2	District Councillor	Parish Councillor	Unacceptable behaviour and being declined the opportunity to vote on a matter when declaring a pecuniary interest	Ongoing
2	Member of the Public	Parish Councillor	Causing offence by their actions and not respecting the public or welcoming challenge	Initial tests not met
3	Member of the Public	Parish Councillor	Treatment by Councillor in relation to concerns raised about an event	Ongoing - being referred to Assessment Sub-committee
3	Parish Councillor	Parish Councillor	Misleading the public and being disrespectful towards others	Ongoing
4	Parish Councillor	Parish Councillor	Misleading the public, bullying and misrepresentation of the Parish Council	Ongoing
4	District Councillor	District Councillor	Interrupting a Councillor surgery for local residents and failure to declare a relevant interest	Ongoing
4	Member of the Public	Parish Councillor	Treatment by Councillor in relation to concerns raised about an event	Ongoing

4	Member of the Public	Parish Councillor	Treatment by Councillor behaving dishonestly and exhibiting bullying and misogynistic behaviour	Ongoing
1	Parish Councillor	Parish Councillor	Inappropriate language and behaviour at a meeting	Ongoing – Assessment Sub-committee to be reconvened

(c) Complaints referred to the Standards Assessment Sub Committee

From the above-mentioned complaints, three were referred to the Assessment Sub-Committee.

(d) Complaints referred to the Determination Sub Committee

One complaint from the above table of complaints for 2025/26 has been referred to the Determination Sub-Committee.

A complaint originally received in Q3 of 2024/25 is still ongoing and has been referred to the Determination Sub-Committee.

(e) Members' Register of Interests

The Democratic Services Officers undertake regular checks of the Register of Members' Interests and provide advice and assistance to Parish Councils on the completion of the Registers.

(f) Advice and Training

The Monitoring Officer and Deputy Monitoring Officer continue to provide both parish and district members with advice, both proactively and on request, on member's interests and governance.

During 2025/26, Members have undertaken mandatory training hosted by an external provider on the Code of Conduct and Member Officer protocol. This training was organised following the presentation to the Audit and Governance Committee of the Member Conduct Annual Report for 2024/25 as Members supported the idea of a Code of Conduct refresher training session being delivered.

7. Policies & Procedures

The Audit and Governance Committee oversees the ethical framework of the Council including oversight of:

- Anti Fraud and Corruption Policy
- Anti Money Laundering Policy
- Confidential Reporting (Whistle Blowing Policy)
- Risk Management Policy
- RIPA Policy
- Local Code of Corporate Governance
- Data Protection Policy
- Information Governance Framework
- Information Security Policy
- Information Rights Policy

- Records Management Policy
- Procurement Strategy

These corporate governance policies are reviewed annually by the Audit and Governance Committee before consideration and adoption by Cabinet. The Committee considered the policies at its meetings on 6 August 2025 and 4 February 2026 (as the policies comprising the Information Governance Framework were taken separately to allow time for a detailed review to be undertaken), and Cabinet adopted the policies at its meetings on 23 September 2025 and 24 February 2026.

Rochelle Tapping
Interim Head of Legal and Support Services and Monitoring Officer

Legal and Support Services
North West Leicestershire District Council

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	TREASURY MANAGEMENT STEWARDSHIP REPORT 2025/26	
Presented by	Anna Crouch Head of Finance and Interim Section 151 Officer	
Background Papers	<p>Council – 20 February 2025 Capital Strategy, Treasury Management Strategy and Prudential Indicators – 2025/26</p> <p>Council 19 February 2026 Capital Strategy, Treasury Management Strategy and Prudential Indicators</p> <p>Audit and Governance Committee 26 February 2026 Treasury Management Update Report – Quarter 3</p>	Public Report: Yes
Financial Implications	There are no financial implications as a direct result of this report. Signed off by the Acting Section 151 Officer: yes	
Legal Implications	There are no legal implications as a direct result of this report. Signed off by the Interim Monitoring Officer: yes	
Staffing and Corporate Implications	There are no staffing or corporate implications as a direct result of this report. Signed off by the Head of Paid Service: yes	
Purpose of Report	For the Committee to consider the draft Treasury Management Stewardship Report 2025/26 before consideration by Cabinet in June 2026.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE DRAFT TREASURY MANAGEMENT STEWARDSHIP REPORT AND PROVIDES ANY COMMENTS FOR CONSIDERATION BY CABINET AT ITS MEETING ON 23 JUNE 2026.	

1.0 BACKGROUND

- 1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely

financing and investment activity. The Prudential Indicators and Treasury Strategies for 2025/26 were approved by Council on the 20 February 2025.

- 1.2 As a minimum, the CIPFA Code also requires that the Council reports on the performance of the Treasury Management function at least twice yearly (mid-year and at year end). The year-end report and the fourth to be presented in relation to 2025/26 is attached at Appendix A. Quarterly reports are presented to Audit and Governance Committee, and a half-yearly report was presented to Council in February 2026.
- 1.3 The Treasury Management Stewardship Report 2025/26 (Appendix) A is designed to inform Members of the Council's treasury activity for 2025/26.
- 1.4 The Audit and Governance Committee is being asked to note the report and provide any comments for consideration by Cabinet as its meeting on the 23 June 2026.

2.0 SUMMARY

- 2.1 In compliance with the requirements of the CIPFA Code of Practice, Appendix A provides Members with a summary report of the Treasury Management activity for the period April 2025 to March 2026. A prudent approach has been taken in relation to investment activity, with priority given to security and liquidity over yield.
- 2.2 For the reporting period, there have been no breaches of the Treasury Management Strategy Statement that need to be brought to the attention of the Committee.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run Council
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to proffer expert advice.
Officer Contact	Anna Crouch Head of Finance anna.crouch@nwleicestershire.gov.uk

Treasury Management Activity Outturn Report 2025/26**1. Introduction**

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual outturn reports.
- 1.2 The Council goes beyond this requirement by issuing quarterly reports which provide additional updates and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.
- 1.3 This report is the annual review of the financial year 2025/26.
- 1.4 The Council's treasury management strategy for 2025/26 was approved at the Council meeting on 20 February 2025. The Council has invested substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. Successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.

2. External Context (provided by Arlingclose)

- 2.1 Economic background: The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.
- 2.2 After the initial fallout from US tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.
- 2.3 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing and expectations for cuts in Bank of England (BoE) Bank Rate increasing.
- 2.4 The end of February saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.
- 2.5 Prior to the start of the war, headline UK consumer price inflation (CPI) had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

- 2.6 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.
- 2.7 While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%) while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.
- 2.8 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.
- 2.9 Following the March MPC meeting, Arlingclose, the Council's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.
- 2.10 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.
- 2.11 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.
- 2.12 **Financial markets:** After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

- 2.13 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.
- 2.14 The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.
- 2.15 **Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at six months. The other banks remain on 100 days.
- 2.16 Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.
- 2.17 Moody's affirmed OP Corporate's rating at Aa3 in May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.
- 2.18 After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 2.19 Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.
- 2.20 Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

3. **Local Context**

- 3.1 On 31 March 2025, the Council had net borrowing of £25.6m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.25 Actual £m	31.3.26 Estimated £m
General Fund CFR	34.81	33.62
HRA CFR	50.88	49.60
Total CFR	85.69	83.22
External borrowing	55.10	53.80
Internal borrowing	30.61	29.43
Total Borrowing	85.69	83.22

3.2 The treasury management position at 31 March 2026 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	31.03.26 Balance £m	31.03.26 Rate %
Long-term borrowing	53.80	-0.00	53.80	3.49%
Short-term borrowing	1.30	-1.30	0.00	2.30%
Total borrowing	55.10	-1.30	53.80	3.48%
Long-term investments	0.00	0.00	0.00	0.00%
Short-term investments	10.00	4.00	14.00	4.21%
Cash and cash equivalents	19.50	-2.50	17.00	3.63%
Total investments	29.50	1.50	31.00	3.89%
Net borrowing	25.60	-2.80	22.80	

4. **Borrowing**

- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.
- 4.2 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield and the Council intends to avoid this activity to retain its access to PWLB loans.
- 4.3 The Council currently holds £10.1m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth with a secondary objective of financial return. Before undertaking further additional borrowing the Council will review the options for exiting these investments.
- 4.4 As shown in table 1 the Council has internally borrowed £29.43m. This internal borrowing foregoes a potential interest income rate of 3.89%. Current one-year external borrowing rates with the PWLB (Certainty Rate) are 5.01% as at 31 March 2026. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates.

4.5 Due to the borrowing rate exceeding our interest income rate, it is appropriate to remain internally borrowed at this point.

5 **Borrowing Strategy and Activity**

- 5.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 5.2 Gilt yields slightly decreased over most of the period; reflecting expectations of lower interest rates, a tepid economy and to some extent an improvement in the UK governments fiscal position following tax rises in the autumn budget. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the yield at the beginning of the financial year.
- 5.3 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity/certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%.
- 5.4 The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.
- 5.5 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Council has no new plans to borrow to invest primarily for financial return.
- 5.6 On 31 March 2026, the Council held £53.8m of loans, following repayment of principal of £1.3m. A breakdown of outstanding loans is shown below in table 3.

Table 3: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	31.03.26 Balance £m	31.03.26 Weighted Average Rate %	31.03.26 Weighted Average Maturity (years)
Public Works Loan Board	51.1	-1.3	49.8	3.40%	12.90
Banks (fixed-term)	3.9	0.0	3.9	0.34%	1.99
Local authorities (long-term)	0.1	0.0	0.1	3.14%	0.01
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.00

Total borrowing	55.1	-1.3	53.8	3.48%	14.88
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5.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

6. Treasury Investment Activity

6.1 The CIPFA Treasury Management Code now defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances have ranged between £28.9m and £60.0m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25 Balance £m	Net Movement £m	31.03.26 Balance £m	31.03.26 Income Return %	31.03.26 Weighted Average Maturity days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0.0
Government (incl. local authorities)	10.0	4.0	14.0	4.21%	120.8
Money Market Funds	19.5	-2.5	17.0	3.63%	0.5
Total investments	29.50	1.50	31.00	4.23%	121.3

6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

6.5 Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.70% and 4.46% and money market rates between 3.34% and 4.48%.

6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31/03/2026	4.69	A+	55%	43	3.89%
Similar Las	4.57	A+	58%	45	4.29%
All Las	4.60	A+	64%	10	4.18%

- 6.7 During the 2025/26 financial year, financial markets were characterised by generally positive risk asset performance for much of the period, but with significant volatility, particularly at the beginning and end of the year. The period was effectively bookended by market disruption associated with US trade and foreign policy, initially following the announcement of US ‘Liberation Day’ tariffs in April 2025 and then, towards the year end, by the escalation of the US and Israel conflict with Iran in March 2026. Between these two episodes, market sentiment improved as inflation generally eased and expectations for further interest rate cuts increased, supporting both bond and equity markets.
- 6.8 The Council has budgeted £444,082 in interest income from investments after deductions in 2025/26. The actual income received by 31 March 2026 was £1,516,245.
- 6.9 Interest rates can and have been extremely volatile over the financial year and are likely to be similarly volatile in the upcoming months. Therefore, for the purpose of budget setting these forecasts are reduced by 20% to ensure that there is not an overreliance placed on interest return for creating a balanced budget.
- 6.10 The income received of £1.52m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 55% to the GF and 45% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund. This is subject to change based on statement of accounts completion.
- 6.11 Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

7. Non-Treasury Investments

- 7.1 The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).
- 7.2 Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) also includes within the definition of investments all such assets held partially or wholly for financial return.
- 7.3 The Council held £10.1m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Council’s non-treasury investments is available in the Investment Strategy 2025-26 document. These investments are forecast to generate £333,000 in investment income in 2025/26 for the Council after taking account of

direct costs.

- 7.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

8. Treasury Performance

- 8.1 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship with benchmark interest rates.
- 8.2 As discussed in section 6.9, investment interest income during the reporting period was £1,516,245 after deductions. The Councils Investment interest return percentage on 31 March 2026 was 4.21%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 3.73%. For similar local authorities, the most recent benchmarking data, which is from 31 March 2026 showed an investment return of 4.46%. This is shown in Appendix 1.
- 8.3 Since the beginning of the reporting period the Council, as per forecast, has paid £1,297,388 in interest on borrowing. The weighted average interest rate on borrowing is 3.48%. For comparison purposes the current PWLB Maturity Loan rate for new 10-year loans is 5.69%. Our average rate therefore represents a good rate of borrowing in the current environment.
- 8.4 During the 2025/26 financial year, the Council has paid back £1.29m in principal on its PWLB loans. The £1.29m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.
- 8.5 The Council was forecast to undertake new borrowing of £1.9m for the HRA in the 2025/26 financial year, however, none has so far been undertaken. There has therefore been an equal increase in the internal borrowing.
- 8.6 On 10 April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). Most of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7 May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding, less the Expected Credit Loss (ECL) charge for that loan. No capital loans have been given since May 2024.
- 8.7 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

9. Compliance

- 9.1 The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice.
- 9.2 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

Table 6: Debt and the Authorised Limit and Operational Boundary

	2025/26 Maximum Debt Q4	31.03.26 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	55.1	53.2	90.8	100.8	YES

- 9.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, there were no days in the reporting period in which the operational boundary was breached.

Table 7: Investment Limits

	Q4 Maximum During Period £m	31.03.26 Actual £m	2025/26 Limit £m	Complied?
The UK Government	17.3	4.0	Unlimited	YES
Local authorities & other government entities	10.0	10.0	60.0	YES
Secured investments	0.0	0.0	60.0	YES
Banks (unsecured)	0.0	0.0	60.0	YES
Building societies (unsecured)	0.0	0.0	5.0	YES
Registered providers (unsecured)	0.0	0.0	12.5	YES
Money market funds	21.0	17.0	60.0	YES
Strategic pooled funds	0.0	0.0	25.0	YES
Real estate investment trusts	0.0	0.0	12.5	YES
Other investments	0.0	0.0	2.5	YES
Total	48.3	31.0		

10. Treasury Management Prudential Indicators

- 10.1 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 10.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 8: Security

	31.3.25 Actual	31.03.26 Actual	2025/26 Target	Complied?
Portfolio average credit rating	A+	A+	A-	YES

- 10.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 9: Liquidity

		31.03.26 Actual £m	2025/26 Target £m	Complied?
Total cash available within 3 months	90	21.0	2.5	YES

- 10.4 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests is shown in table 10 below.

Table 10: Interest Rate Exposures

Interest rate risk indicator	31.03.26 Actual	2025/26 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	248,304	600,000	YES
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-248,304	-600,000	YES

- 10.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Due to all our investments maturing in year and the majority of our borrowing maturing in later years this means that we would benefit from an increase in interest rates (as we replace investments with higher rates but not borrowing) but are negatively impacted by a decrease in interest rates for the same reason.
- 10.6 This is demonstrated in the above figures which show a positive return from an increase and a negative return from a decrease in interest rates. Both impacts are within reasonable limits for the revenue budget. The Council also takes further precautions by reducing its interest forecast by a risk-adjusted amount of 20% as discussed in paragraph 6.9.
- 10.7 For context, the changes in interest rates during the year were:

Table 11: Interest Rate Changes

Context - Interest Rate changes	01/04/2025	31/03/2026
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	5.01%
5-year PWLB certainty rate, maturity loans	4.94%	5.25%
10-year PWLB certainty rate, maturity loans	5.38%	5.69%
20-year PWLB certainty rate, maturity loans	5.88%	6.19%
50-year PWLB certainty rate, maturity loans	5.63%	6.03%

- 10.8 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. [This indicator covers the risk of replacement loans being unavailable, not interest rate risk.] The upper and lower limits on the maturity structure of all borrowing were:

Table 12: Maturity Structure of Debt

	31.03.26 Actual £m	31.03.26 Actual %	Lower Limit	Upper Limit	Complied ?
Under 12 months	1.3	2.46%	0%	70%	YES
12 months and within 24 months	0.6	1.07%	0%	30%	YES
24 months and within 5 years	1.8	3.38%	0%	30%	YES
5 years and within 10 years	0.6	1.19%	0%	30%	YES
10 years and within 20 years	43.8	81.33%	0%	90%	YES
20 years and above	5.7	10.57%	0%	30%	YES
Totals	53.8	100%			

- 10.9 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
- 10.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 13: Long Term Investments

	2025/26	2026/27	2027/28	No Fixed Date
Actual principal invested beyond year end	£0m	£0m	£0m	£0m
Limit on principal invested beyond year end	£60m	£10m	£10m	£10m
Complied?	YES	YES	YES	YES

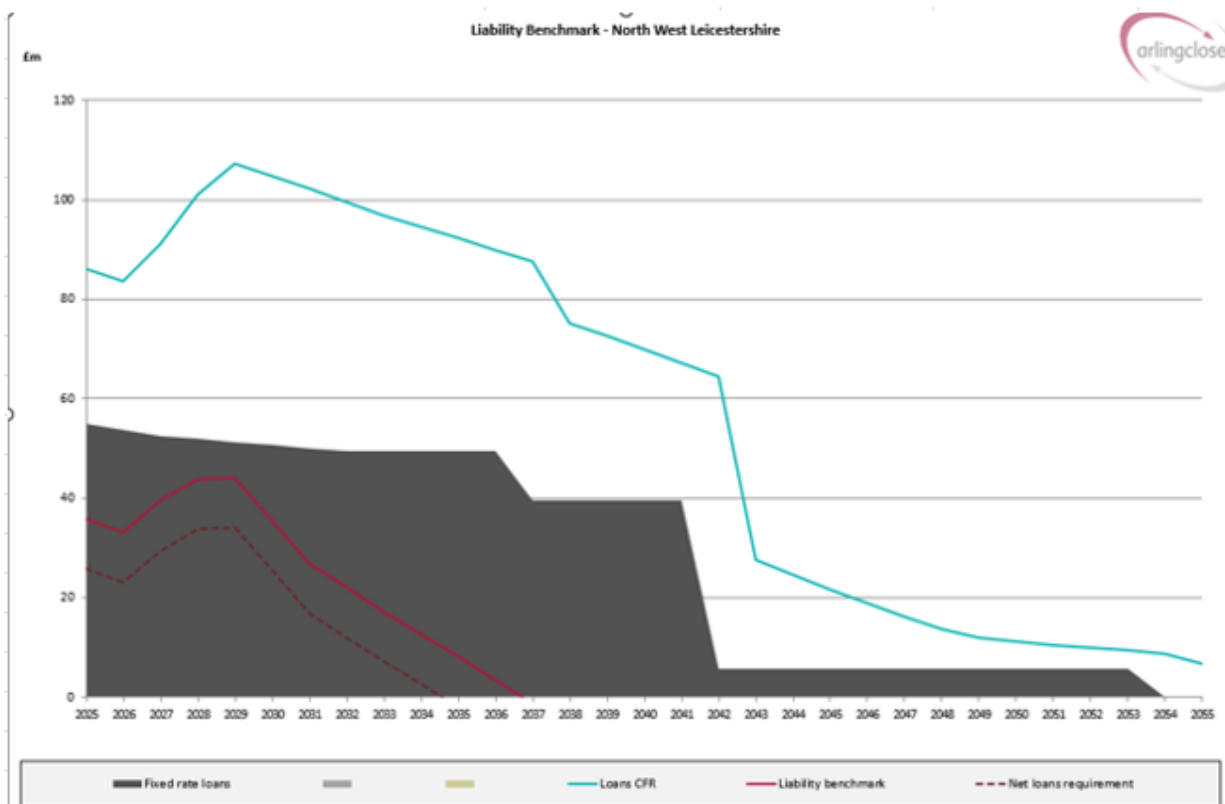
- 10.11 **Liability Benchmark:** This indicator compares the Council's actual existing borrowing against

a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

10.12 **Table 14: Liability Benchmark**

	31.3.26 Estimate	31.3.27 Forecast	31.3.28 Forecast	31.3.29 Forecast
Loans CFR	83.7	90.9	101.1	107.3
Less: Balance sheet resources	-60.7	-61.6	-67.4	-73.3
Net loans requirement	23.0	29.3	33.7	34.0
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	33.0	39.3	43.7	44.0
Existing external borrowing	-53.8	-52.7	-52.1	-51.6

10.13 Following on from the medium-term forecast above, the long-term liability benchmark assumes no capital expenditure funded by borrowing before 2025/26, minimum revenue provision on new capital expenditure based on a variable asset life depending on asset type (This can vary from 5 – 50 years) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



10.14 The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing loans and the strong red line as the requirement for external borrowing. This graph demonstrates that by using internal resources the Council is likely to not have an external borrowing requirement in 2025/26. However, there is little room for adjustment and the Liability Benchmark graph is an estimate and subject to significant change. This situation may evolve and create a borrowing requirement in the next couple of years.



Investment Benchmarking
31 March 2026

North West Leicestershire
48 English Non-Met Districts Average
156 LAs Average

Internal Investments	£31.0m	£27.5m	£49.8m
Cash Plus & Short Bond Funds	£0.0m	£1.2m	£0.7m
Strategic Pooled Funds	£0.0m	£9.3m	£9.9m
TOTAL INVESTMENTS	£31.0m	£38.0m	£60.5m

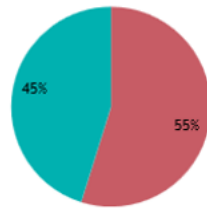
Security			
Average Credit Score	4.69	4.57	4.60
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	4.58	4.45	4.51
Average Credit Rating (time-weighted)	A+	AA-	A+
Number of Counterparties / Funds	8	10	10
Proportion Exposed to Bail-in	55%	58%	64%

Liquidity			
Proportion Available within 7 days	55%	49%	57%
Proportion Available within 100 days	84%	67%	72%
Average Days to Maturity	43	45	10

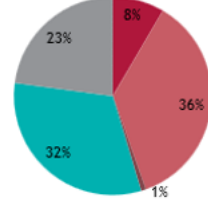
Market Risks			
Average Days to Next Rate Reset	68	66	52
Strategic Fund Volatility	-	2.3%	3.1%

Yield			
Internal Investment Return	3.89%	4.14%	4.02%
Cash Plus Funds - Income Return	-	3.57%	3.60%
Strategic Funds - Income Return	-	4.91%	4.88%
Total Investments - Income Return	3.89%	4.29%	4.18%
Cash Plus Funds - Capital Gain/Loss	-	0.64%	0.62%
Strategic Funds - Capital Gain/Loss	-	1.31%	1.19%
Total Investments - Total Return	3.89%	4.67%	4.46%

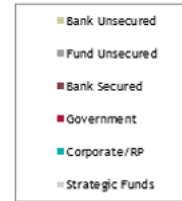
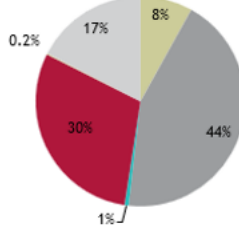
North West Leicestershire



English Non-Met Districts



All Arlingclose Clients



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Pooled fund returns are 1-year to the end of the quarter.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	KEY JUDGEMENTS AND ESTIMATES IN THE STATEMENT OF ACCOUNTS	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee - 29 April 2026 Draft Accounting Policies 2025/26	Public Report: Yes
Financial Implications	There are no direct financial implications as a direct result of this report.	
	Signed off by the Acting Section 151 Officer: yes	
Legal Implications	There are no direct legal implications as a direct result of this report.	
	Signed off by the Interim Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct staffing and corporate implications as a direct result of this report	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To present the significant accounting judgements, key sources of estimation uncertainty and the going concern assessment applied in preparing the Council's 2025/26 Statement of Accounts.	
Recommendations	THAT THE COMMITTEE: 1. NOTES THE SIGNIFICANT ACCOUNTING JUDGEMENTS APPLIED IN PREPARING THE 2025/26 STATEMENT OF ACCOUNTS. 2. NOTES THE KEY SOURCES OF ESTIMATION UNCERTAINTY DISCLOSED WITHIN THE ACCOUNTS. 3. NOTES THE ASSESSMENT THAT THE COUNCIL REMAINS A GOING CONCERN.	

1.0 BACKGROUND

- 1.1 The Council is required to prepare a Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2015 and proper accounting practices as defined by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code).
- 1.2 The Code requires disclosure of significant judgements made in applying accounting policies and information about key sources of estimation uncertainty that could result in a material adjustment to asset or liability values in the future.
- 1.3 This report supports the Audit and Governance Committee's role in overseeing the robustness, transparency and appropriateness of the Council's financial reporting.

2.0 CRITICAL ACCOUNTING JUDGEMENTS

- 2.1 The Code requires that the judgements that the Chief Finance Officer has made in applying the Council's Accounting Policies must be disclosed in either the Accounting Policies or in separate note to the Accounts. Critical accounting judgements are those which have significant impact on the financial statements and relate to areas involving complex or subjective decision-making.
- 2.2 For 2025/26, the preparation of the Statement of Accounts does not require the Council to make critical accounting judgements that have a significant effect on the amounts recognised in the financial statements.
- 2.3 As there are no critical accounting judgements for 2025/26, no disclosures are required within Note 1 of the Statement of Accounts.

3.0 KEY SOURCES OF ESTIMATION UNCERTAINTY

- 3.1 The Code requires the Chief Finance Officer to disclose the assumptions that have been made in the Statement of Accounts about the future and other major sources of Estimation Uncertainty. Estimation Uncertainty arises where asset and liability values depend on assumptions about future events.
- 3.2 For 2025/26, the main sources of estimation uncertainty are:
 - **Property, Plant and Equipment** – This is a source of estimation uncertainty because asset values and useful lives depend on professional judgement and assumptions about market conditions, condition, remaining life and the cost of replacing assets. Changes in these assumptions could lead to a material change in valuations, depreciation charges or impairment.
 - **Pensions Liability** – This is a source of estimation uncertainty because the liability is calculated using actuarial assumptions such as discount rates, inflation, salary growth and life expectancy. Small changes in these assumptions can have a significant effect on the reported pension liability.

- **Business Rates Appeals** – This is a source of estimation uncertainty because the provision is based on assumptions about the number, timing and outcome of appeals and the likely level of refunds payable. Actual outcomes may differ from the estimate, which could change the level of provision required.

3.3 Note 2, a draft is included in Appendix 1 identifies the key sources of estimation uncertainty within the financial statements, including assumptions used in areas such as asset valuation, provisions and defined benefit pension liabilities. While these estimates are based on the best information available at the balance sheet date, actual outcomes may differ and could result in material adjustments in future years.

4.0 GOING CONCERN

4.1 The concept of a 'Going Concern' assumes that the Council, its functions, and services will continue in operational existence for the foreseeable future.

4.2 In accordance with the Code, the Council's Statement of Accounts is prepared on a going concern basis, reflecting the expectation that the Council will continue to operate and meet its obligations in the foreseeable future.

4.2 This assessment considers the Council's financial position, approved budgets, reserves, Medium Term Financial Strategy, governance arrangements and the wider statutory framework under which local authorities operate. The Council has delivered its services within the approved budget framework and maintains sufficient reserves and liquidity to support its ongoing operations. Accordingly, the Council continues to adopt the going concern basis in preparing the Statement of Accounts.

4.3 On this basis, it is appropriate to prepare the 2025/26 Statement of Accounts on a going concern basis. This is disclosed within Accounting Policies.

5.0 EXTERNAL AUDIT REVIEW

5.1 The significant accounting judgements, key sources of estimation uncertainty and going concern assessment set out in this report will be reviewed by the Council's external auditors, Azets, as part of the audit of the 2025/26 Statement of Accounts.

5.2 These disclosures remain subject to change up to the point at which the final Statement of Accounts are approved and signed. Any material changes will be reported to the Audit and Governance Committee alongside the final version of the Statement of Accounts.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council Production of timely and accurate Statement of Accounts is a statutory requirement. Achievement of this reflects sound financial management - supporting all the council priorities.
Policy Considerations:	CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	Not applicable
Consultation/Community/Tenant Engagement:	Not applicable
Risks:	The disclosures enhance transparency and support effective member oversight of financial reporting.
Officer Contact	Anna Crouch Head of Finance anna.crouch@nwleicestershire.gov.uk

1 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Section 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statements of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

2 Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Asset valuations for the council's property portfolio are based on market prices and are reviewed annually to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2026.</p> <p>The carrying value of Property, Plant and Equipment at 31 March 2026 is £357m.</p> <p><i>These figures are subject to amendment until final accounts are finalised.</i></p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement and/or Revaluation Reserve of approximately of £35.7m.</p> <p><i>These figures are subject to amendment until final accounts are finalised.</i></p>

Notes to core financial statement

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	<p>Estimation of the net pension liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Authority.</p> <p>The carrying amount of the net pension liability at 31 March 2026 is £15.628m.</p> <p><i>These figures are subject to amendment until final accounts are finalised.</i></p>	<p>The effects on the net pensions liability are included in Note 29. The Council's actuaries provide an annual statement of the pension liabilities and assets, which includes the liability linked to leisure staff that were transferred to Everyone Active In May 2019.</p> <p><i>These figures are subject to amendment until final accounts are finalised.</i></p>

<p>Business Rates Appeals Provision</p>	<p>Since the 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in proportion to their share (40%).</p> <p>There was £23k outstanding in the 2017 list of appeals with the Valuation Office Agency at 31 March 2026.</p> <p>An appeals provision of £7.19 m is held in the Collection Fund currently to counter the potential impact of successful appeals in future years.</p> <p><i>Please note that these figures are based on the 2024-25 financial accounts; they will be updated upon the completion and finalisation of the 2025-26 accounts.</i></p>	<p>If the estimated success rate of existing appeals increased in monetary value by 10%, then this would require the Council to increase its share of the provision for appeals by an approximate £290k.</p> <p><i>Please note that these figures are based on the 2024-25 financial accounts; they will be updated upon the completion and finalisation of the 2025-26 accounts.</i></p>
<p>Arrears</p>	<p>Each year the Council reviews the significant balances for Council Tax, Business Rates and sundry debtor arrears. Officers make a judgement on the likelihood of these debts being repaid in the future based on a number of factors, including the age of debts, past experience and the economic climate. We cannot be certain that the current allowance will be sufficient.</p> <p><i>Please note that these figures are based on the 2024-25 financial accounts; they will be updated upon the completion and finalisation of the 2025-26 accounts.</i></p>	<p>If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £0.95m for Council Tax debts, and £0.5m for business rates to be set aside as an allowance.</p> <p><i>Please note that these figures are based on the 2024-25 financial accounts; they will be updated upon the completion and finalisation of the 2025-26 accounts.</i></p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	DRAFT ANNUAL GOVERNANCE STATEMENT 2025-26	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee – 12 November 2025 Annual Governance Statement 2024-25	Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Acting Section 151 Officer: Yes	
Legal Implications	Under the Accounts and Audit Regulations 2015 (the “Regulations”), the Council is required to produce and publish an Annual Governance Statement (“AGS”) as part of its accountability and transparency obligations. Regulations 6(1) and 6(2) set out the specific requirements. To comply with the Regulations, the AGS must be approved by the Council or a designated Committee, signed by the Leader and the Chief Executive, and made available to the public at the same time as the Statement of Accounts. The period of inspection is a legally defined timeframe within the Accounts and Audit Regulations 2015 during which the public is granted special rights to access, review, and copy certain financial documents of a relevant authority. The period of inspection refers specifically to the 30 consecutive working days set aside by a relevant authority after the end of each financial year. During this time, the unaudited Statement of Accounts, the AGS, and supporting documents are made available for public inspection. The Council intends to publish its Statement of Accounts 2025/26 on the 1 July 2026. Therefore, a copy of the AGS is required to be published alongside the Statement of Accounts to ensure compliance with the Regulations.	
	Signed off by the Interim Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To present the draft Annual Governance Statement 2025/26	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE APPROVES THE DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26 FOR PUBLIC INSPECTION.	

1.0 BACKGROUND

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review, an Annual Governance Statement (“AGS”) must be produced, approved and published. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right. The AGS must describe the arrangements in place for ensuring proper governance throughout the financial year. Specifically, the Statement should set out how the Council meets the principles of good governance, identify any significant governance issues, and detail the actions being taken to address them.
- 1.2 The Council’s Statement of Accounts 2025/26 is scheduled to be published at the end of June 2026. The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) be published alongside the statement of accounts during the period of public inspection. This ensures that members of the public have the opportunity to review both documents concurrently during the statutory inspection period, promoting transparency and accountability in local government financial management.
- 1.3 The Committee is asked to note the findings of the AGS and the actions proposed to further develop or strengthen elements of the Council’s governance arrangements, which are outlined in the AGS shown in Appendix 1. Any comments or proposed amendments to the AGS will be made prior to its publication alongside the Statement of Accounts.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance which encourages local authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.5 The CIPFA/SOLACE guidance - ‘Delivering Good Governance in Local Government: Framework (2016)’, outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.
 - B. Ensuring openness and comprehensive stakeholder engagement.
 - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - E. Developing the Authority’s capacity, including the capability of its leadership and the individuals within it.
 - F. Managing risks and performance through robust internal control and strong public financial management.
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.6 A key element of compiling the Annual Governance Statement is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a transparent way. This is seen in the Statement in the section titled “How we comply with the CIPFA/SOLACE framework”.

- 1.7 The AGS includes the following sections:
- Executive Summary – this is considered good practice because it provides a concise overview of the key points and findings contained within a larger document.
 - The Purpose of the Governance Framework – describes the Council’s system of internal control
 - Background and Scope of Responsibility – this section provides the purpose of the document and outlines the legal requirements for an AGS and its link to the Council’s Code of Corporate Governance.
 - The Governance Framework – describes how the Council has complied with the principles in its Code of Corporate Governance and includes links to online documents where the reader can access more detailed information.
- 1.8 The Annual Governance Statement is a snapshot document that reflects the governance arrangements, performance and structure of the Council at a specific point in time. Typically, it is prepared to coincide with the end of the financial year, and it provides a transparent account of the Council’s governance policies and practices over that period.
- 1.9 The final section of the report details the overall opinion and conclusion.
- 1.10 As the Internal Audit Annual Opinion for 2025/26 has not yet been published, the Annual Governance Statement (AGS) will be updated once the report is finalised.
- 1.11 Following Audit and Governance Committee approval, the Draft AGS will be signed by the Leader of the Council and the Chief Executive and published on the Council’s website and alongside the Draft Statement of Accounts 2025/26 on the 30 June 2026.
- 1.12 A final version will be presented to this Committee alongside the audited version of the Statement of Accounts 2025/26 in January 2026.

Policies and other considerations, as appropriate	
Council Priorities:	A Well-Run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	The AGS is a mandatory requirement for local authorities. Failure to produce an AGS may result in non-compliance with relevant regulations namely the Accounts and Audit Regulations 2015.
Officer Contact	Anna Crouch Head of Finance (Acting S151 Officer) anna.crouch@nwleicestershire.gov.uk



**ANNUAL
GOVERNANCE
STATEMENT
2025/26**

Version Control	Revision Date	Summary of Changes
1.0	5 May 2026	Draft – review by S151 Officer and CLT
1.1	1 June 2026	Draft version for Audit and Governance Committee

Annual Governance Statement 2025/26

Executive summary

This Annual Governance Statement (AGS) explains how North West Leicestershire District Council has reviewed the effectiveness of its governance arrangements for 2025/26 and provides an overall opinion on whether those arrangements were fit for purpose. It is prepared in line with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (including the 2025 addendum on the annual review and AGS). For detailed descriptions of our governance arrangements, please refer to our Local Code of Corporate Governance and Constitution.

Overall conclusion for 2025/26: our governance framework is substantially in place and supports decision-making, transparency, stewardship and delivery of our priorities. However, our annual review identified areas where governance arrangements need to operate more consistently and provide stronger assurance, particularly around (1) delivery and closure of internal audit recommendations, (2) the operation and control environment of the Unit 4 finance system and associated key financial controls, and (3) continued strengthening of the end-to-end closedown and accounts process to meet statutory reporting expectations to ensure the Statements of Accounts were published by the deadline.

Governance outlook: during 2026/27 the Council will continue to strengthen the assurance framework that supports our governance (including the three lines model), maintain clear accountability for improvement actions, and increase the pace of embedding agreed controls and ways of working in practice. This includes working closely with internal and external audit and ensuring members have clear visibility of progress.

This AGS should be read alongside the Statement of Accounts and the Narrative Report. It is intended to be clear and accessible for members, staff and the public, focusing on what matters most: the results of our annual governance review and the actions we will take to improve.

Scope and statutory context

North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has duties under the Local Government Act 1999 (best value duty) to make arrangements to secure continuous improvement in the exercise of its functions.

In discharging these responsibilities, the Council maintains a governance framework which includes arrangements for decision-making, risk management, internal control, performance management, and accountability.

The Council has approved and adopted a Local Code of Corporate Governance which is consistent with the CIPFA/SOLACE Delivering Good Governance in Local

Government: Framework (2016) and the 2025 addendum on the annual review and AGS. The Code is reviewed annually and is published on the Council's website.

This Statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework.

Our assessment of effectiveness

The Council undertakes an annual review of the effectiveness of its governance arrangements, including the system of internal control. The review is evidence-based and considers whether arrangements are (a) aligned to support delivery of planned outcomes and best value and (b) in place and operating effectively across the seven governance principles.

The annual review draws on a range of assurance sources (the Council's assurance framework), including: internal audit's annual opinion and significant audit findings; assurances from statutory officers and senior management; governance, risk and performance reporting (including the corporate risk register); reports from members and key committees (including Audit and Governance Committee); and the findings and recommendations of external assurance providers (including external audit and regulators/inspectorates where applicable).

The review reflects different perspectives across the three lines model: operational management assurance (first line), risk/compliance and other oversight functions (second line), and independent assurance from internal audit (third line). The results were considered through the Council's senior officer governance arrangements and reviewed through the Audit and Governance Committee before final approval.

Our vision, priorities and values

The Council's vision, priorities and values are set out in its Council Delivery Plan. Our vision is to support a clean, green and prosperous place where people want to live, work and visit. Our priorities are: Planning and regeneration; Communities and housing; Clean, green and Zero Carbon; and A well-run council.

- **Planning and regeneration** This is about economic growth and physical development of the district.
- **Communities and housing** This is about looking after our tenants and keeping our communities safe.
- **Clean, green and Zero Carbon** This is about looking after the environment we live in.
- **A well-run council** This is about making sure our services are provided in a positive and friendly way, that we provide good value for money and that our finances are in good order.

The Council has adopted an overarching value of “One Council, one team” supported by the following five values:

- Excellence – we will always work to be the best we can be
- Trust – We are honest fair and transparent, and we value trust
- Respect – We respect each other and our customers in a diverse, professional and supportive environment
- Pride – We are proud of the role we play in making North West Leicestershire a happy healthy and vibrant place to live and work
- Growth – We will work together to grow and continually improve.

These values are integrated into employment lifecycle from recruitment to performance and learning and development.

Summary of our governance framework

Our governance framework comprises the Council’s Constitution (including schemes of delegation and procedure rules), the Local Code of Corporate Governance, member and officer standards and protocols, the risk management framework, performance management arrangements, internal and external audit, and scrutiny/oversight arrangements. Together these support effective decision-making, transparency, stewardship and delivery of outcomes.

The Council operates a cabinet style system of governance with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio by the Leader and are responsible for driving forward the Council’s key strategic aims.

The Council has a Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. The Constitution is reviewed annually by a working group of members from the Council’s Audit and Governance Committee supported by the Monitoring Officer.

The Constitution of the Council sets out matters reserved to Council, Cabinet and Committees for decision, with all other decisions delegated to Officers. The Constitution is subject to a continuous review process and was reviewed in 2025/26 by members of the Audit and Governance Committee. The new version was adopted in March 2026 following approval by Council in February 2026 (with some final amendments coming into force in May 2026 following the Annual Council meeting).

The Council’s arrangements for governance and scrutiny follow appropriate codes and guidance.

There are various layers of management within the organisation and each management team each play an important role in governance framework.

The Council's Statutory Officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal and Support Services) and the Section 151 Officer (Strategic Director of Resources) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly.

Monthly Corporate Leadership Team (CLT) comprising the Chief Executive, Directors and Heads of Service consider strategic and operational matters relevant to specific directorates).

Extended Leadership Team (ELT) meetings take place monthly which involve all Team Managers. They support the Corporate Leadership Team by providing valuable operational insight to inform the strategic and operational direction of the Council.

Team Managers support ELT and contribute to effective management of their respective departments.

During 2025/26, the Corporate Leadership Team (CLT) and Extended Leadership Team (ELT) held joint meetings to ensure that key strategies were considered collaboratively by both leadership groups. These sessions addressed important topics to promote effective communication and alignment between the two teams, strengthening the Council's governance framework. The Strategic Director of Resources chaired the ELT meetings, facilitating both upward and downward communication across the organisation to reinforce transparency and engagement at all levels.

The Council also operates an Employee Forum, providing a structured route for two-way communication between staff representatives and senior management. This supports openness, engagement and organisational learning by enabling staff feedback on policies, change programmes and ways of working, and by sharing responses and actions back to the wider workforce.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Part 2 (Section C) of the Council's Constitution. Part 3 (Section E) provides that the Council is responsible for setting the policy and budgetary framework.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Role of Cabinet

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution, and it plays a major role in reviewing key aspects

of overall service delivery, including monitoring its effectiveness and related governance issues.

Role of Audit and Governance Committee

The Audit and Governance Committee is responsible for ensuring that the Council's systems for internal control are sound by reviewing control mechanisms and guidelines (both internal and external) and ensuring continued probity and good governance of the Council's operations. The Committee meets the external auditor to discuss findings in the Annual Audit Management Letter and reports. The Committee is also responsible for dealing with member conduct and standards issues, along with reviewing the Council's Arrangements for Dealing with Councillor Complaints and the Constitution. The Chair of the Committee resigned at the meeting held on 19 February 2026. A new chair was appointed for the remainder of the Civic year.

At its meeting on 19 February 2026, Council approved a report to appoint an Independent Chair of the Audit and Governance Committee. Interviews were undertaken by the Strategic Director, Head of Legal and Support Services and Chair of the Audit and Governance Committee. An appointment has been made and was approved by Full Council in May 2026.

Role of Scrutiny Committees

The Community and Corporate Scrutiny Committees carry out the Council's scrutiny function.

The main tasks of the Scrutiny Committees are:

- Performance Monitoring;
- Holding the Cabinet to account;
- Policy review and development; and
- External Scrutiny.

The Scrutiny Committees also have an opportunity to 'Call-in' decisions under provisions within the Constitution where they feel that the decision has been taken outside the principles of decision making set out in Section A of Part 2 of the Constitution:

- a) proportionality (i.e. the action must be proportionate to the desired outcome).
- b) due consultation and the taking of professional advice from officers.
- c) respect for human rights.
- d) a presumption in favour of openness.
- e) clarity of aims and desired outcomes.
- f) explaining what options were considered and giving the reasons for the decision."

Risk Management

The overall objective of the Council's risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan.

The Risk Management Policy was approved by Cabinet on 23 September 2025, following consultation with the Audit and Governance Committee on 6 August 2025 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Audit and Governance Committee. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process. The Council has decided that Service Plans will contain identified risks which was introduced for the Service Planning for 2025/26.

The Audit and Governance Committee has raised several key issues regarding risk management during this period. Firstly, they have emphasised the need for greater clarity and transparency in risk reporting, ensuring that any changes to the risk register are clearly highlighted for ease of review. The Committee has also expressed concerns about the adequacy of controls surrounding key financial systems, notably the continued issues relating to the Unit 4 financial system, which have prevented the implementation of outstanding recommendations. Furthermore, the Committee has called for improvements in housing compliance, particularly around contract management and gas safety as well as IT security management, with specific attention to the Information Security Policy and the use of live data systems for testing.

These issues have prompted the development and monitoring of targeted action plans to address these issues and ensure the effectiveness of the Council's risk management strategy throughout 2025/26.

The Corporate Risk Group (CRG) is represented by each of the Council's services. The CRG identifies new risks and reviews the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Audit and Governance Committee on at least a quarterly basis. The Committee receives the risk register in a detailed format, with any changes clearly highlighted for ease of review.

Role of Internal Audit

The Council has a Public Sector Internal Audit Standards (PSIAS) compliant Internal Audit service that is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual work plan, progress against which is reviewed each quarter by the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service

as well as the Chief Executive, Section 151 Officer and Monitoring Officer. The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation. Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee on a quarterly basis throughout the year. In addition, the Corporate Leadership Team oversees the delivery of audit recommendations. A dedicated quarterly review of internal audit recommendations was conducted in 2025/26 to assess progress. A guidance document has been provided to team managers to assist them in fulfilling audit recommendations by implementing actions that adhere to the SMART (Specific, Measurable, Achievable, Relevant and Time-Bound) criteria.

The Internal Audit Report 2025/26 is not yet finalised. This section will be updated when the report is available.

External Audit

Azets were appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for the 2023/24 financial year onwards. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities. The Council has built good working relationships with Azets and regular meetings are held between Internal Audit and Azets.

External Audit provides an opinion on the Council's financial statements and assess the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources).

The Council is actively working in partnership with Azets to rebuild and strengthen assurance over the next few years. This collaborative approach is designed to ensure that the Council's assurance framework is robust and fully aligns with statutory requirements, supporting continuous improvement and compliance with best practice standards.

Azets have presented a report to the Audit and Governance Committee during the audit completion stage, outlining their approach and progress towards rebuilding assurance within the Council. The report details the commencement of this work in the 2025/26 financial year, with an emphasis on thorough reconciliation activities initiated in early 2026. This phase includes meticulous examination and validation of financial records, designed to address previous gaps and reinforce the integrity of the Council's financial statements.

There is now a renewed focus on rebuilding assurance, with Azets working closely alongside the Council's finance team. This collaborative effort is underpinned by regular meetings between the finance team and Azets, ensuring ongoing dialogue,

effective coordination, and prompt resolution of any issues identified during the assurance process. The partnership is intended to strengthen the Council's assurance framework, align practices with statutory requirements, and support both continuous improvement and compliance with best practice standards.

Governance principles in practice (CIPFA/SOLACE)

This section summarises how the Council's governance arrangements operated in practice during 2025/26 against the seven principles of the CIPFA/SOLACE Framework. It focuses on key features and evidence of effectiveness. More detailed descriptions of arrangements are set out in the Council's Local Code of Corporate Governance and Constitution.

Principle A: Integrity, ethical values and the rule of law

- Member and officer codes of conduct, registers of interests and gifts/hospitality, and arrangements for standards complaints are in place and overseen through the Monitoring Officer and member governance arrangements.
- Statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer) meet regularly to support lawful, ethical and well-governed decision-making and to address emerging governance issues.
- Whistleblowing/confidential reporting arrangements are in place and apply to staff and relevant third parties, with reports investigated in line with the policy.
- Member development and targeted governance/audit training took place during the year to support effective challenge and compliance.

Principle B: Openness and stakeholder engagement

The Council has in place appropriate Confidential Reporting policies and procedures which are regularly reviewed and updated where required. The Whistleblowing Policy is one of a suite of corporate governance policies which were reviewed in 2025.

Staff are aware of the Whistleblowing policy through the Council's intranet, a mandatory training programme and as an integral part of the induction process for new starters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from customers and residents.

The Council reviews and adopts Arrangements for Dealing with Councillor Complaints annually, which include the option of an informal resolution stage facilitated by the Monitoring Officer.

The Audit and Governance Committee has oversight of the complaints process and receive quarterly reports from the Monitoring Officer.

The Council supports openness and engagement through transparent decision-making and publication of key information, consultation and engagement activity, scrutiny arrangements, and a corporate communications approach that uses

appropriate channels to reach residents and stakeholders. Internally, two-way engagement is supported through regular team and leadership communications and forums (including the Employee Forum), helping staff to understand decisions, priorities and changes and to provide feedback.

The Governance Toolkit was enhanced to include a new section, 'Choose Your Own Adventure – Key Governance Processes'. This provides interactive guides to help officers:

- navigate decision-making
- identify approvals and consultation routes
- follow correct governance steps

Principle C: Defining outcomes (sustainable economic, social and environmental benefits)

The Council defines and communicates its intended outcomes through the Council Delivery Plan and associated strategies and uses performance reporting to monitor delivery. Where outcomes are delivered through partnerships and collaborations, the Council seeks to ensure proportionate governance arrangements (including clear roles, decision rights, and appropriate reporting) so that accountability and risk management are maintained.

Principle D: Determining interventions to optimise achievement of outcomes

The Council Delivery Plan and Medium-Term Financial Strategy set out how resources (financial and workforce) are planned to deliver priorities. Performance against the Delivery Plan is monitored and reported, enabling members and officers to review progress and take corrective action where required.

The Council maintains a performance management framework to support delivery, learning and improvement. Financial monitoring and service/performance reporting are used to support budget management, prioritisation and transparency. The Council also uses learning from complaints, audit findings and reviews to improve services and strengthen governance.

Principle E: Developing capacity and capability

- The Council maintains clear governance roles and responsibilities, including statutory officer arrangements (Head of Paid Service, Section 151 Officer and Monitoring Officer) and schemes of delegation set out in the Constitution.
- Induction and development is provided for members and officers to support effective leadership, scrutiny and informed decision-making.
- Workforce planning, organisational development and learning and development arrangements support service resilience and delivery of priorities.
- Health and wellbeing and values-led behaviours are promoted to support a positive culture and effective governance in practice.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- Risk management: a corporate risk register is maintained and reviewed through officer and member arrangements, supporting oversight of strategic risks and mitigation actions.
- Internal control: policies, procedure rules and management controls support compliant decision-making and service delivery; internal audit provides independent assurance and tracks recommendations.
- Financial management: budget setting and monitoring arrangements support stewardship and transparency, supported by treasury management arrangements and professional advice from the Section 151 Officer.
- Information governance and security: ICT and information security arrangements are in place and are subject to review and improvement actions where needed.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit and Governance Committee undertake the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of Cabinet.

The Council has a customer feedback complaints system, and this information is used to improve service delivery and customer satisfaction (see above).

The Council has a Risk Management Policy in place. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis.

The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan, and the Service Planning process and risk management is an integral part of the Council's performance management arrangements.

As part of the Council's Corporate Project Management Framework, all major projects have their own risk log. All reports going to members include the risk implications associated with the decision members are being asked to make.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2024.

Key area of focus in 2025/26: the implementation and ongoing operation of the Unit4 finance system has continued to require significant management attention. The annual review identified the need to further strengthen elements of the control environment (including key reconciliations, system administration and the pace of implementing related audit recommendations). This remains a priority in our governance improvement plan.

The Council's 2025/26 Treasury Management Strategy Statement was approved by Council in February 2025, respectively, and risks are fully evaluated as part of this Strategy.

Principle G: Transparency, reporting and audit to deliver effective accountability

- External audit: the Council works constructively with its external auditor and provides information and support to enable timely audit work and appropriate challenge.
- Internal audit: the internal audit function provides independent assurance, reports significant findings, and follows up delivery of recommendations reporting to the Audit and Governance Committee.
- Audit and Governance Committee: provides oversight of governance, risk, internal control and financial reporting, and supports transparency through public reporting and scrutiny of assurance.
- Learning and improvement: the Council's governance arrangements include mechanisms to respond to external challenge and implement agreed recommendations and improvement actions.

Where our governance needs to improve (including action plan)

The annual review concluded that, while the Council's governance framework is in place, there are specific areas where governance needs to operate more effectively and consistently to provide stronger assurance. Internal audit's annual opinion continues to identify areas where controls and the implementation of agreed actions need to improve, and the Council recognises the importance of demonstrating sustained progress.

Key governance improvement themes for 2025/26 (and into 2026/27):

1. **Financial reporting and closedown:** strengthening the end-to-end closedown and accounts process to support timely completion and approval.
2. **Key financial controls and Unit4:** strengthening the control environment and delivering outstanding recommendations linked to the finance system and core reconciliations.
3. **Delivery of internal audit recommendations:** improving the pace, quality and evidence of implementation (including SMART actions, clear ownership and escalation where delivery stalls).
4. **Governance culture and assurance:** ensuring governance arrangements are consistently understood and applied, and that member oversight has clear, transparent reporting on progress and outcomes.

Progress against these actions is monitored through management arrangements and reported to the Audit and Governance Committee as appropriate.

The Council did not meet the 2024/25 backstop date, despite officers and the external auditors working together to secure approval of the Statement of Accounts by 27 February 2026. Although the Audit and Governance Committee approved the accounts on 26 February 2026, the acting Chair did not sign them following the

meeting. The Statement of Accounts were therefore approved and signed at a reconvened Committee meeting on 10 March 2026.

The Council is working collaboratively with Azets in ensuring that it meets its statutory reporting requirements for the Statement of Accounts 2025/26. The Council has already commenced this work as part of its ongoing commitment to strengthening governance and financial integrity. By proactively engaging with external auditors and developing action plans, the Council is laying the groundwork for more robust financial reporting. These efforts are designed to restore confidence amongst stakeholders and ensure that statutory requirements are met in a timely and effective manner.

In light of the above, the Council is developing appropriate action plans to address the identified weaknesses and drive improvement. It will be working closely with its external auditors, Azets, to rebuild assurance over the next two years, with the aim of moving towards an unqualified opinion on its statement of accounts. This includes ensuring that there is sufficient technical capacity within the finance team to meet the statutory reporting deadlines. The Council will also explore how the finance system can be enhanced to improve financial reporting at year-end.

The Council recognises the need to learn from the issues experienced with the finance system, and is now focusing on enhancements to the system, including engaging a new supplier for ongoing support and maintenance of the contract.

The key financial system action plan is monitored as part of outstanding audit recommendations, with updates provided regularly and oversight by the Audit and Governance Committee to ensure robust progress and accountability.

The Council acknowledges the comments made by the external auditors regarding the procurement of the finance system, specifically noting that there were underlying issues and that monitoring and reporting of system costs could have been more robust. In response, the Audit and Governance Committee has formally requested further detail on these matters. The Council's Statutory Officers are committed to working closely with the Chair of the Audit Committee to establish the correct approach for capturing and reflecting lessons learned, ensuring that future procurement and cost monitoring processes are strengthened and fully transparent.

Despite having received a limited assurance opinion for three consecutive years, the Council continues to demonstrate strong risk management and governance arrangements. The systems in place provide a sound framework for the identification and management of risks, as well as oversight of key processes. Nevertheless, it is acknowledged that further effort is required to ensure timely implementation of recommendations arising from internal audit reports and to strengthen internal controls so that they remain robust and fit for purpose. Where capacity issues present a barrier to the delivery of outstanding recommendations, the Council will consider the allocation of additional resources to those areas, with appropriate funding to be made available to support improvement.

How we have improved our governance arrangements in 2025/26

This section summarises progress against improvement actions identified in previous Annual Governance Statements, including actions taken during 2025/26 and those that continue into 2026/27.

Area for Improvement	Outcome
<p>By 31 March 2026, the Corporate Leadership Team (CLT) will ensure all outstanding internal audit recommendations are reviewed and addressed, with progress and barriers discussed during dedicated quarterly sessions scheduled in April, July, October 2025 and January 2026. For any recommendations that are consciously tolerated (i.e., not actioned), the CLT will require that clear justifications and associated risks are documented and reported within departmental and Corporate Risk Registers at each review session.</p> <p>The Head of Internal Audit will take responsibility for monitoring all outstanding audit recommendations, requesting regular updates from the teams involved, and ensuring timely follow-up so that issues are actively chased and resolved. Progress will be tracked through monthly monitoring, with updates consolidated into reports that highlight the number of recommendations outstanding, the proportion with updates received, and those closed. These will be shared with both the Corporate Leadership Team and Extended Leadership Team. This process will be embedded into existing audit follow-up arrangements, supporting accountability and strengthening governance, with quarterly reporting to the Audit Committee to demonstrate progress and reduce overdue actions.</p>	<p>The Corporate Leadership Team (CLT) has maintained a routine of regular quarterly audit meetings, during which all outstanding internal audit recommendations are discussed in detail. These sessions enable the CLT to monitor progress, address any obstacles to delivery, and ensure that justifications and associated risks for any recommendations not actioned are properly recorded.</p> <p>In addition, the Head of Internal Audit continues to engage with service areas regarding outstanding audit recommendations. These ongoing discussions ensure that updates are regularly provided, timely follow-up is undertaken, and any issues are actively resolved, supporting strong governance and accountability across the Council. Heads of Service are involved in these processes, helping to ensure that recommendations are tracked, reported, and appropriately addressed within their respective areas.</p>
<p>The Finance Team has developed and implemented a detailed action plan to address all outstanding recommendations relating to key</p>	<p>Significant progress has been made in delivering the actions set out in the key financial systems action plan. In recognition of this, the Audit and</p>

financial systems. This plan will be aligned with ongoing financial systems enhancements and will include clearly defined actions, assigned responsibilities, and measurable milestones. Progress will be tracked through monthly review meetings, with status updates recorded in a central monitoring log. The log will capture actions completed, those in progress, and any barriers encountered, with summary reports submitted quarterly to the Corporate Leadership Team and the Audit Committee. Any recommendations not actioned will require documented justification and associated risks, which will be reported during each quarterly review session.

The recent security audit in respect of Unit4 identified a number of weaknesses in the administration of the system. The Director of Resources sees this as a key priority and will procure a third party to ensure all recommendations are completed by the end of June 2026.

The general fund budget for 2026/27 will include a budget proposal to provide investment in the system for the next phase of enhancements. It is recognised that end-user training will be a key focus during the financial year 2026/27.

The Council will cease its contract with the previous implementation partner and move to a new provider for support and maintenance effective from December 2025. It is anticipated that the new provider will bring enhanced awareness and expertise in the Unit4 system, supporting improved system administration and knowledge transfer across the organisation by the end of December 2026.

Governance Committee will be provided with a comprehensive update on all developments and improvements at its meeting scheduled for April 2026. This update will detail the steps taken to address outstanding recommendations, outline completed milestones, and summarise any ongoing work, ensuring transparency and robust oversight of financial system enhancements.

To strengthen the administration of the Unit4 system and ensure robust governance, the Council has commissioned Vision ERP as an external specialist to conduct a comprehensive review. Vision ERP's remit will involve a thorough assessment of the current administrative arrangements, identification of weaknesses, and the provision of practical recommendations for improvement. This review is expected to encompass system configuration, user access controls, process efficiency, and compliance with relevant security standards.

Budget has been allocated in the 2026/27 to enable further enhancements.

The support and maintenance contract with a new provider commenced in December 2025.

<p>By 30 November 2025, the Corporate and Extended Leadership Teams will complete dedicated governance training sessions. Attendance will be monitored and recorded, with feedback collected from participants to evaluate effectiveness and identify further training needs.</p>	<p>Training was delivered in November 2025.</p>
<p>Officers to attend Audit and Governance Committee meetings to present updates and respond directly to member questions, following a newly developed protocol.</p>	<p>Officers attend where appropriate and provide updates on internal audit reports where the opinion is limited.</p>
<p>By 30 June 2026, the Internal Audit Manager will collaborate with Heads of Service to develop and refine comprehensive responses to all outstanding audit recommendations, ensuring each response includes specific, measurable, achievable, relevant, and time-bound actions. Additionally, the S151 officer will deliver targeted training during the scheduled November 2025 governance sessions, with a focus on the formulation of SMART actions. Detailed guidance will be drafted to support services in drafting SMART actions to audit recommendations. This will be shared with Team Managers and will be available on the Council's Governance Toolkit on the Council's intranet.</p>	<p>Audit recommendations training was delivered by the S151 officer as part of the governance training delivered in November 2025. It now is part of the suite of documents in the Governance toolkit that sits on the Council's intranet site.</p> <p>Comprehensive training focused on audit recommendations was delivered by the S151 officer as an integral component of the Council's governance training programme, which took place in November 2025. This training session was specifically designed to enhance understanding across all relevant teams regarding the importance of addressing audit recommendations with clear, actionable, and measurable responses. Following its delivery, the training materials, including detailed guidance and supporting documentation, were incorporated into the Governance toolkit. This toolkit now forms part of a comprehensive suite of resources available to all Council staff via the Council's intranet site, ensuring ongoing access to information and support for continuous improvement in audit response and internal governance processes.</p>
<p>By 30 June 2026, ensure that all members of the Corporate Leadership Team actively participate in the drafting</p>	<p>The Corporate Leadership Team contributed to the review of the AGS 2025/26 during May 2026.</p>

<p>of the Annual Governance Statement, in accordance with Chartered Institute of Public Finance and Accountancy guidance, by attending scheduled workshops and contributing to at least one section of the statement each.</p>	
<p>Publish the Statement of Accounts for 2024/25 in full compliance with financial reporting requirements, ensuring it is completed and publicly available by the statutory backstop date of February 2026. In addition, publish the Statement of Accounts for 2025/26 in line with all statutory reporting requirements within the mandated timescales, demonstrating timely and accurate financial governance.</p> <p>The Council will collaborate with Azets to promptly provide all relevant information upon request, facilitating the efficient progression of Azets' assurance rebuilding activities. This will include supporting Azets as they undertake a comprehensive review of financial processes, controls, and reporting practices. Azets will work closely with Council officers to identify gaps, recommend improvements, and validate the implementation of enhanced controls. Regular updates and feedback sessions will be held, ensuring transparency and alignment with governance priorities throughout the assurance rebuilding process.</p>	<p>Officers published the 2024/25 Statement of Accounts in line with reporting requirements. Although the Audit and Governance Committee approved the accounts on 26 February 2026 to meet the backstop date, the acting Chair did not sign them following the meeting, so the Council did not meet the deadline. A reconvened meeting of the Audit and Governance Committee was held on 10 March 2026, when the accounts were approved and signed.</p> <p>Work has already commenced on rebuilding assurance with Azets requesting detailed information on the Council's key reconciliations and assets.</p>
<p>The Council will work collaboratively with its new Unit4 support and maintenance partner to implement an automated bank reconciliation function, ensuring this is fully operational by the end of January 2026. In parallel, the Council will respond to the recent Unit4 security audit by completing all recommendations relating to system set-up by the end of March 2026, thereby strengthening financial controls and compliance.</p>	<p>This work is ongoing.</p>

<p>The Council will work in partnership with Azets to rebuild assurance over the coming years, with a detailed plan of work developed and agreed by January 2026. This plan will set out the scope, milestones, and responsibilities for assurance activity, ensuring progress can be monitored and delivered in line with governance priorities.</p>	<p>Azets have presented their report to the Audit and Governance Committee setting out a timetable for rebuilding assurance over the coming years.</p>
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Forward look on governance (2026/27)

The annual review also considers the governance challenges and risks that may affect the Council in future years. Our key governance priorities for 2026/27 are set out below, with clear ownership to support delivery and accountability.

Area for Improvement	Responsible
<p>By 31 March 2027, the Corporate Leadership Team (CLT) will ensure all outstanding internal audit recommendations continue to be reviewed and addressed, with progress and barriers discussed during dedicated quarterly sessions scheduled in April, July, October 2026 and January 2027. For any recommendations that are consciously tolerated (i.e. not actioned), the CLT will require that clear justifications and associated risks are documented and reported within departmental and Corporate Risk Registers at each review session.</p>	<p>Chief Executive Directors Heads of Service</p>

<p>The Head of Internal Audit will take responsibility for monitoring all outstanding audit recommendations, requesting regular updates from the teams involved, and ensuring timely follow-up so that issues are actively chased and resolved. Progress will be tracked through monthly monitoring, with updates consolidated into reports that highlight the number of recommendations outstanding, the proportion with updates received, and those closed. These will be shared with both the Corporate Leadership Team and Extended Leadership Team. This process will be embedded into existing audit follow-up arrangements, supporting accountability and strengthening governance, with quarterly reporting to the Audit Committee to demonstrate progress and reduce overdue actions.</p> <p>The Head of Internal Audit will present the annual audit opinion in a different format with separate focus on governance, risk and internal controls.</p>	
<p>The Finance Team has developed and implemented a detailed action plan to address all outstanding recommendations relating to key financial systems. This plan will be aligned with ongoing financial systems enhancements and will include clearly defined actions, assigned responsibilities, and measurable milestones. Progress will be tracked through monthly review meetings, with status updates recorded in a central monitoring log. The log will capture actions completed, those in progress, and any barriers encountered. The key financial systems document will be regularly updated to clearly show actions that have been completed and those still to be taken. Summary reports will be submitted quarterly to the Corporate Leadership Team and the Audit Committee. Any recommendations not actioned will require documented</p>	<p>Strategic Director of Resources</p>

<p>justification and associated risks, which will be reported during each quarterly review session.</p> <p>By 30 September 2026, the Head of Internal Audit will complete a comprehensive audit of the procurement arrangements relating to Unit4, ensuring all findings and recommendations are documented and presented to the Corporate Leadership Team and Audit Committee in the subsequent quarterly review session.</p>	
<p>By 30 November 2026, the Corporate and Extended Leadership Teams will complete dedicated governance training sessions. Attendance will be monitored and recorded, with feedback collected from participants to evaluate effectiveness and identify further training needs.</p>	<p>Chief Executive Director of Resources Head of Legal and Support Services</p>
<p>Officers continue to attend Audit and Governance Committee meetings to present updates and respond directly to member questions, following the appropriate protocols.</p>	<p>Directors Heads of Service</p>
<p>By 30 June 2027, the Internal Audit Manager will collaborate with Heads of Service to develop and refine comprehensive responses to all outstanding audit recommendations, ensuring each response includes specific, measurable, achievable, relevant, and time-bound actions. Additionally, the S151 officer will deliver targeted training during the scheduled November 2026 governance sessions, with a focus on the formulation of SMART actions. Detailed guidance will be drafted to support services in drafting SMART actions to audit recommendations. This will be shared with Team Managers and will be available on the Council's Governance Toolkit on the Council's intranet.</p>	<p>Chief Executive Director Heads of Service</p>

<p>By 30 June 2026, ensure that all members of the Corporate Leadership Team actively participate in the drafting of the Annual Governance Statement, in accordance with Chartered Institute of Public Finance and Accountancy guidance, by attending scheduled workshops and contributing to at least one section of the statement each.</p>	<p>Chief Executive Director of Resources Head of Legal and Support Services Heads of Service & Monitoring Officer</p>
<p>Publish the Statement of Accounts for 2025/26 in full compliance with financial reporting requirements, ensuring it is completed and publicly available by the statutory backstop date of January 2027.</p> <p>The Council will continue to collaborate with Azets to promptly provide all relevant information upon request, facilitating the efficient progression of Azets' assurance rebuilding activities. This will include supporting Azets as they undertake a comprehensive review of financial processes, controls, and reporting practices. Azets will work closely with Council officers to identify gaps, recommend improvements, and validate the implementation of enhanced controls. Regular updates and feedback sessions will be held, ensuring transparency and alignment with governance priorities throughout the assurance rebuilding process.</p>	<p>Director of Resources</p>
<p>The Council will continue to work in partnership with Azets to rebuild assurance over the coming years</p>	<p>Director of Resources</p>
<p>The Council has approved a sum of £2m for the Legacy Grant. Governance needs to be the anchor point: the Council should establish a clear decision-making framework, with published criteria, transparent scoring, and delegated authority that can withstand scrutiny. Monitoring reports should track delivery, risks, and value for money, ensuring members can see how projects were selected, how funds are being used, and whether outcomes</p>	<p>Director of Resources</p>

<p>align with the Council’s strategic priorities. This approach provides a defensible audit trail and protects the fund from challenge while demonstrating responsible stewardship of public money.</p>	
<p>Preparing for local government reorganisation requires governance that is structured, evidence-based, and risk-led. The Council should complete a full mapping of services, assets, contracts, liabilities, and statutory duties, ensuring each area has a clear owner and assurance route. A transition board with monthly reporting will provide oversight, escalate risks, and ensure decisions are documented and aligned with regional timelines. By identifying high-risk contracts and governance gaps early, the Council can protect service continuity and demonstrate to partners that it is a reliable, well-prepared organisation entering the new unitary arrangements.</p>	<p>Corporate Leadership Team</p>
<p>Building organisational readiness for change is fundamentally a governance exercise: the Council needs a clear framework for how decisions about workforce, leadership development, and structural change are made, monitored, and assured. A skills and capacity assessment should inform a corporate change-readiness plan, with progress reported quarterly to members to maintain transparency and accountability. Strengthening leadership capability, reducing critical-role vacancies, and embedding scenario planning all contribute to a more resilient governance environment, ensuring the organisation can manage uncertainty and maintain high standards of decision-making throughout the transition period.</p>	<p>Corporate Leadership Team</p>

Overall opinion and conclusion

Opinion: based on the annual review and the assurances available for 2025/26, the Council concludes that its governance arrangements were broadly fit for purpose and that the core framework was substantially in place. Significant work has been undertaken on the closedown and accounts process to ensure the Draft Statement of Accounts 2025/26 were published by the statutory deadline. However, further improvements are needed to strengthen assurance and the consistent operation of key controls, particularly in relation to implementing internal audit recommendations and aspects of the finance system control environment. The Council is committed to delivering the improvement actions set out above and will monitor and report progress through the appropriate governance routes.

The Draft Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive prior to publication.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10 JUNE 2026



Title of Report	UNIT 4 UPDATE	
Presented by	Anna Crouch Head of Finance	
Background Papers	Audit and Governance Committee – 04 June 2025 Statement of Accounts 2023/24 Update Audit and Governance Committee – 12 November 2025 Statement of Accounts Update	Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Acting Section 151 Officer: Yes	
Legal Implications	There are no legal implications arising from this report.	
	Signed off by the Interim Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide the Committee with an update on the progress of development of the Council's Finance System, Unit 4.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE PROGRESS MADE IN STABILISING AND IMPROVING THE UNIT 4 SYSTEM.	

1.0 BACKGROUND

1.1 The Council went live with the Unit 4 financial system in April 2023 as part of its wider transformation of financial management systems. The system forms a core component of the Council's financial control environment, supporting:

- General Ledger
- Income and expenditure processing
- Financial reporting and closedown processes.

1.2 The implementation has previously been reported to this Committee due to performance control concerns raised during audit work.

2.0 CURRENT POSITION

2.1 It is acknowledged that the implementation of Unit 4 has not proceeded as originally anticipated. Key issues encountered include:

- System bugs and technical issues
- Integration challenges with other Council systems
- Impact on expected system performance and operational efficiency.

2.2 These challenges have had a knock-effect on financial processes, including reconciliation and reporting timelines.

2.3 Issues with the system have resulted in:

- Delays in reconciliations and financial housekeeping activities which impacted on the Council's ability to meet the statutory deadlines for the draft 2023/24 and 2024/25 Statement of Accounts.
- Requirement for services to maintain parallel records outside the system in some cases. For example, reconciliation of specific funding streams was only undertaken at a later stage than planned, with further work required to complete this fully.

2.4 The Council's external auditor (Azets) has raised concerns within audit completion reports in relation to the system. In response:

- The Committee has requested further information regarding the procurement and implementation of the system.
- Internal Audit has been commissioned to undertake an independent review and root cause analysis. This review is intended to identify lessons learned and strengthen future procurement and project governance arrangements.

3.0 PROGRESS MADE

3.1 The Council has engaged Vision ERP to support maintenance of the Unit 4 system and assist with the ongoing development and improvements. They have assisted the Council with implementation of the following improvements over the last six months:

- a) Duplicate Payments Report – this report highlights any potential duplicate payments in the system so they can be investigated.
- b) Requisition Approvals – This functionality highlights any Requisitions that were approved and created by the same person. This is a control put in place in Unit 4 to adhere to policy.
- c) Housing Works Orders - This functionality has automated a manual monthly journal that was undertaken by finance. This enters all the completed works orders from the housing system into the finance system. This is now a scheduled task and automatically transferred into Unit 4.
- d) Housing Rent Debits – This functionality replaces a manual process where finance had to export data out of the housing system. This has now been automated, thereby connecting the Housing System to Unit4
- e) Accounts Recovery and Write Offs – improving the automation within Accounts Receivable system and enabling a process for the authorisation of write offs within the Unit 4 system.

3.2 Proactis (invoice capture system), is now fully integrated with Unit 4. The solution improves automation, reduces manual intervention and strengthens financial controls for Accounts Payable.

- 3.3 The bank reconciliation is up to date for 2025/26, and work has commenced on improving the automation of the process.
- 3.4 The Statement of Accounts for 2025/26, is in progress and will be published in line with the statutory deadline.
- 3.5 Two drop-in sessions for staff have taken place in May 2026 to enable the ongoing training and development of staff in the use of Unit 4.

4.0 NEXT STEPS

4.1 Key areas of focus for 2026/27:

- Completion of the draft 2025/26 Statement of Accounts by the 30 June 2026.
- Preparation for the audit of the 2025/26 Statement of Accounts in Autumn 2026.
- Continued system stabilisation and performance improvements
- Delivery of internal audit review outcomes and implementation of recommendations as per agreed timescales.
- Enhancement of automation, mainly around the bank reconciliation and reporting functionality to support closedown during Summer 2026.
- Introducing a credit card module to automate the postings to the ledger during Summer 2026.
- Budgeting – update to ensure compliance with legislation by December 2026.
- Procure to Pay (P2P) process review during Winter 2026.

- 4.2 Particular emphasis will be placed on improving the timeliness and quality of financial reporting.

5.0 CONCLUSION

- 5.1 While the implementation of Unit 4 has presented significant challenges, a structured programme of work is now in place to stabilise and continue the development and improvement of the system.

5.2 Good progress is being made in:

- Addressing historic issues
- Strengthening financial controls
- Enhancing system functionality.

- 5.3 The Committee will continue to receive regular updates on progress, risks and audit outcomes.

Policies and other considerations, as appropriate	
Council Priorities:	Well-Run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	<p>On going system issues impacting on financial reporting, audit outcomes and operational efficiency. Data integrity risks arising from historic reconciliation delays and manual workarounds.</p> <p>The mitigation in place:</p> <ul style="list-style-type: none"> • Specialist support from Vision ERP • Structured action plan and governance oversight • Internal audit review and implementation of recommendations • Continued monitoring through Audit and Governance Committee
Officer Contact	Anna Crouch Head of Finance (Acting S151 Officer) anna.crouch@nwleicestershire.gov.uk

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10
JUNE 2026

Title of Report	AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT	
Presented by	Kerry Beavis Audit Manager	
Background Papers		Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Acting Section 151 Officer: Yes	
Legal Implications	There are no legal implications arising from this report.	
	Signed off by the Interim Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing or corporate implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide a summary of the work undertaken by the Audit and Governance Committee during the 2025/26 financial year. The Committee's Terms of Reference states that a report to full Council is required on the Committee's performance and effectiveness.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE: <ol style="list-style-type: none"> 1) NOTES THE REPORT AND PROVIDES ANY COMMENTS ON THE DRAFT ANNUAL REPORT 2025/26. 2) DELEGATES AUTHORITY TO THE AUDIT MANAGER IN CONSULTATION WITH THE DEPUTY CHAIR TO MAKE ANY ADDITIONS OR AMENDMENTS TO THE REPORT ARISING FROM THOSE COMMENTS PRIOR TO SUBMISSION TO COUNCIL ON 11 JUNE 2026. 3) SUBJECT TO ANY AMENDMENTS THE COMMITTEE APPROVES THE DRAFT ANNUAL REPORT 2025/26. 	

1.0 BACKGROUND

- 1.1 The Annual Report of the Audit and Governance Committee 2025/26 is designed to inform the full Council of the Committee's activities during the financial year, and how it has discharged its responsibilities. The Audit and Governance Committee is now asked to formally approve this report prior to it being reported to Full Council on 11 June 2026.

2. ANNUAL REPORT 2025/26

- 2.1 The production of an annual report by the Audit and Governance Committee is considered to be good practice by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022, states that: To discharge its responsibilities effectively, the committee should report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.
- 2.2 It is important that the wider membership of the Council is kept informed of the work to ensure sound control and governance. The report to Council is an essential part of this process.
- 2.3 The annual report of the Audit and Governance Committee is shown in Appendix 1. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It highlights the achievements of the Committee and is a useful reminder to the organisation of the role of the Committee in providing assurance about its governance, risk management and financial controls.
- 2.4 The collaboration between the Audit Manager and the Audit and Governance Committee's chair, along with other committee members, is a key part of the process of drafting of the Annual Report. This cooperative effort ensures that the report is comprehensive, reflecting the organisation's financial health and adherence to regulatory requirements.

Policies and other considerations, as appropriate	
Council Priorities:	Well-Run Council
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	Members of the Audit and Governance Committee have had input into the report.
Risks:	The Audit and Governance Committee has a leading role to play in ensuring that the Council's governance arrangements are effective and contribute to the mitigation of risks.
Officer Contact	Kerry Beavis Audit Manager Kerry.beavis@nwleicestershire.gov.uk

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT

2025/26



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FOREWORD

As Chair of the Audit and Governance Committee, for the final meetings of 2025/26, I am pleased to present the Audit and Governance Committee Annual Report for 2025/26 summarising the work and achievements the Committee have discussed, debated and challenged officers on during our regular meetings throughout the year.

This report sets out the work undertaken by the Committee during the year in support of the Council's governance framework and in providing independent assurance over the effectiveness of risk management, internal control, financial reporting and standards arrangements. It also highlights the Committee's contribution to promoting accountability, transparency and good governance across the authority.

During the year, the Committee considered a broad range of significant matters, including internal and external audit, the Statement of Accounts for both 2023/24 and 2024/25, the Annual Governance Statement, treasury management, risk management, and standards and ethics. In doing so, it has continued to provide robust challenge, constructive oversight and a clear focus on continuous improvement.

Thank you to all the officers, past and present, who have been involved with its production, in particular Kerry Beavis, Audit Manager, Anna Crouch, Head of Finance, Rochelle Tapping, Interim Head of Legal and Support Services & Monitoring Officer. I would like to extend thanks to Kate Hiller and Paul Stone, former officers who have supported the work of this Committee.

In line with CIPFA's Position Statement on Audit Committees, the Committee has continued throughout 2025/26 to provide independent assurance on the Council's governance, risk management and internal control arrangements, while promoting high standards of financial reporting, ethical conduct and accountability. Through its oversight of internal and external audit, scrutiny of the Annual Governance Statement and Statement of Accounts, and review of key governance, and risk, the Committee has discharged its responsibilities in accordance with its Terms of Reference and recognised good practice for local authority audit committees.

There are still challenging times ahead for North West Leicestershire District Council, but we, as a Committee, remain focused and dedicated in delivering to the highest standards of accountability and transparency as we move forward.

I hope this report provides assurance that the Committee remains committed to discharging its responsibilities effectively and to supporting the Council in maintaining strong governance arrangements in the year ahead.

Cllr Jenny Simmons

Deputy Chair, Audit and Governance Committee

June 2026

INTRODUCTION

The Audit and Governance Committee provides an independent and high-level focus on the adequacy of governance, risk management and internal control arrangements within an authority, as reflected in the CIPFA Position Statement,

The Audit and Governance Committee is properly constituted and provided with the authority and resources it needs to discharge its responsibilities effectively. It is able to obtain the information it considers necessary, engage directly with senior officers and, where appropriate, report its observations and concerns to Full Council.

The Council is responsible for maintaining effective arrangements for governance, risk management and internal control, and for securing economy, efficiency and effectiveness in the use of its resources. The Audit and Governance Committee supports the Council in meeting these responsibilities by providing independent assurance and advising on the adequacy and effectiveness of the Council's governance, risk and control environment.

This role is reflected in the Committee's Terms of Reference (as detailed within the March 2025 Constitution), set out in Appendix One of the Council's Constitution. Following the publication of CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police* in October 2022, the Council reviewed the Committee's Terms of Reference against the updated guidance. Revised arrangements were approved by Full Council on 23 February 2023. Membership of the Committee is determined annually by Full Council at its May meeting.

The current Audit and Governance Committee had the following attendance during 2025/26. Those marked in grey indicate members not being members of the Audit and Governance Committee at the relevant dates.

Member	23 Apr 2025	4 June 2025	6 Aug 2025	12 Nov 2025	4 Feb 2026	26 Feb 2026	11 Mar 2026
Cllr Sutton	✓	✓ (Chair)	✓ (Chair)	✓ (Chair)	✓ (Chair)	✓	×
Cllr Moulton	✓ (Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	✓ (Deputy Chair)	×
Cllr Everitt	✓ (Deputy Chair)	✓	✓	✓	✓	✓	✓
Cllr Barker	×						
Cllr Boam	×	×	×	✓	×	×	✓
Cllr Cooper	✓	✓	✓	✓	✓	✓	✓
Cllr Johnson	×	✓	✓	✓	✓	×	
Cllr Rogers	✓	✓	✓	✓	✓	✓	✓
Cllr Simmons	✓	✓	✓	✓	✓	✓	✓ (Chair)
Cllr Smith	×	×	✓	✓	×	✓	✓
Cllr Wilson		✓	✓	✓	✓	×	✓
Emma Hutchinson Independent Person		✓	✓	✓	✓	×	×
Paul Montgomery Independent Person		✓	✓	✓	✓	✓	✓

HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the Committee. The main outcomes and improvements include:

- Received and approved the Internal Audit Plan for 2025/26
- Received risk register updates at each of its meetings.
- Focus on Internal Audit Recommendations
- Training received for Audit Committee Members
- Signing off the Statements of Accounts 2023/24 and 2024/25.

SUMMARY OF WORK UNDERTAKEN IN 2025/26

The Audit Committee completed the following during 2025/26:

External Audit

- Received audit updates from the Council's external auditors, Azets.
- Received updates and reports in respect of the Audit Delay Backlog.
- Received and considered the detailed results of the external auditor's work in relation to the audits of the 2023/24 and 2024/25 financial statements of the Council.

Internal Audit

- Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter and Mandate, which outlines the terms of reference of the Council and is aligned to the Global Internal Audit Standards and takes account of the CIPFA Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
- Received and approved the Internal Audit Strategy 2025/26 – 2027/28.
- Received and approved the Internal Audit Annual Report for 2024/25. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. As the opinion was one of limited assurance, the Director of Resources also provided a management action plan in response to the audit opinion.
- Received and approved the Internal Audit Plan for 2025/26. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be of high risk, or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Internal Audit Manager to give her opinion at the end of the year but is flexible to ensure it remains relevant throughout the year.
- Monitored the delivery of the Internal Audit Plan for 2025/26 through regular update reports presented by the Audit Manager.

- Received and considered the results of internal audit work performed in respect of each Directorate.
- Monitored the progress made by management during the period to address identified control weaknesses (recommendations).

Anti-fraud and Corruption

- Received and approved updates to the Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy, and the Anti-Money Laundering Policy.

Risk Management

- Continued to oversee the Council's risk management arrangements and Risk Management Policy.
- Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Strategic Risk Register four times during the year. April, August, November 2025 and February 2026.

Corporate Governance

- Received and considered the Senior Information Risk Officer Annual Report.
- Received and considered the Annual Governance Statements 2023/24 and 2024/25.
- Considered the Member Code of Conduct Annual Report recognising it acts as a helpful tool in communicating the work undertaken by the Audit and Governance Committee to the public and to Members.
- Received and considered quarterly Standards and Ethics reports detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process.
- Received and considered at each meeting its own work plan for the year ahead, ensuring that all relevant areas are covered during the year.
- Considered the management response to the Annual Internal Audit Opinion 2024/25.
- Considered a report in respect of the Council's review of its Constitution and recommended changes to Council on 4 February 2026.
- Received and considered a report in respect of a review of the Council's Arrangements for Dealing with Complaints about Councillors.
- Received the report of the Annual IT Health Check.
- Reviewed Corporate Governance Policies including:
 - Anti-Fraud and Corruption Policy
 - Anti Money Laundering Policy
 - Confidential Reporting (Whistleblowing) Policy
 - Risk Management Policy
 - RIPA Policy
 - Local Code of Corporate Governance
 - Data Protection Policy

- Information Governance Framework
 - Information Security Policy
 - Information Rights Policy
 - Records Management Policy
- Appointed two Independent Members to the Audit and Governance Committee, with their first meeting being 4 June 2025.

Finance

- Considered reports and updates in respect of the Statement of Accounts for both 2023/24 and 2024/25.
- Considered the draft Accounting Policies 2024/25.
- Received and considered the report on Treasury Management Stewardship.
- Continued to review the Council's Treasury Management arrangements. This included reviewing the Treasury Management Activity Report 2025/26 which included the actual and proposed treasury management activity.

Other

- Received details of the Local Government and Social Care Ombudsman's review letter for 2024/25 in accordance with its guidance on Effective Handling of Complaints

TRAINING AND DEVELOPMENT

The CIPFA guidance place a strong emphasis on the skills, knowledge and development of Audit Committee members.

During 2025/26:

- Members received training on the **Global Internal Audit Standards**
- The introduction of private meetings with Internal and External Audit provided valuable practical development opportunities
- Treasury Management training was deferred to 2026/27
- Members completed annual self-assessments against CIPFA audit committee competency standards

Members also agreed that, as a development objective for 2026/27, the Committee will undertake a collective self-assessment of its effectiveness with the support of the Audit Manager, and report the outcomes publicly.

LOOKING FORWARD

The Committee has approved the work programme for the 2026/27 financial year setting out the receipt of regular update reports and annual assurance reports.

Continued training and development of Members in line with the CIPFA Position Statement.

Close monitoring of the Council's Corporate Risk Register and scrutiny of key areas of concern such as, but not limited to, safeguarding, housing and value for money.

A continued focus on the monitoring of internal audit recommendations.

SECTION D7 - AUDIT AND GOVERNANCE COMMITTEE

CONSTITUTION – MARCH 2025

1. COMMITTEE FORM AND STRUCTURE

Committee scope

- 1.1 The **Audit and Governance Committee** has specific responsibility for governance issues, including audit functions.
- 1.2 The Committee's scope is to:
 - 1.2.1 provide independent assurance to those charged with governance of the adequacy of the risk management framework and the internal control environment;
 - 1.2.2 provide independent review of the **Council's** governance, risk management and control frameworks and oversee the financial reporting and annual governance process;
 - 1.2.3 oversee internal audit and external audit arrangements, helping to ensure efficient and effective assurance mechanisms are in place.
- 1.3 The success of the **Audit and Governance Committee** in exercising its audit functions depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on **Councillors** not to make inappropriate use of information provided to the Committee for other purposes.

Composition

- 1.4 The **Audit and Governance Committee** will comprise 10 Councillors in **Political Balance**.
- 1.5 Members of the **Committee** should not be members of **Cabinet** or **Scrutiny**.
- 1.6 The **Chair** will be appointed by **Full Council** annually.
- 1.7 Two **Independent Persons** may be co-opted to the **Audit and Governance Committee** to provide appropriate technical expertise but will not be entitled to vote at meetings. It shall be a function of the Audit and Governance Committee to appoint any Independent Person for this purpose.
- 1.8 An Independent Person may be co-opted as required to a Sub-Committee of the **Audit and Governance Committee** in relation to **Councillors Code of Conduct**

matters. Full Council appoint a pool of Independent Persons which can be drawn on for this purpose.

- 1.9 At least one parish councillor may be present when matters relating to parish councils or their Councillors are being considered. Parish councillors are co-opted to the **Audit and Governance Committee** as required and will not be entitled to vote at meetings.

Quorum

- 1.10 The **Audit and Governance Committee** Quorum will be three Councillors.

Convening Meetings

- 1.11 The Chief Executive is responsible for convening all Committee meetings in accordance with the programme set by Full Council, and any meetings which have been convened at Chair's discretion in addition to those in the programme.

2 MATTERS RESERVED FOR THE AUDIT AND GOVERNANCE COMMITTEE

Governance, Risk and Controls

- 2.1 The Committee has the right to access all the information it considers necessary to undertake the work of the Committee and may receive reports and refer matters to internal and external auditors.
- 2.2 To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.3 To review and approve the **Annual Governance Statement** and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the **Council's** framework of governance, risk management and control.
- 2.4 To consider the **Council's** arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.
- 2.5 To consider the **Council's** framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 2.6 To monitor the effective development and operation of risk management in the **Council**.
- 2.7 To monitor progress in addressing risk related issues reported to the **Committee** such as the Corporate Risk Register.
- 2.8 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- 2.9 To review the assessment of fraud risks and potential harm to the **Council** from fraud and corruption.
- 2.10 To monitor the Anti-Fraud and Corruption Strategy, actions and resources.
- 2.11 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 2.12 To review and monitor the **Council's** compliance with public sector financial and audit standards and guidance, in accordance with the **CIPFA** Codes and Accounts and Audit Regulations.
- 2.13 To review and monitor the Council's **Treasury Management** arrangements in accordance with the **CIPFA** Treasury Management Code of Practice.

3 **INTERNAL AUDIT**

- 3.1 To approve the internal audit charter.
- 3.2 To approve (but not direct) the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 3.3 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 3.4 To make appropriate enquiries of both management and the Head of Internal Audit (currently the Audit Manager) to determine if there are any inappropriate scope or resource limitations.
- 3.5 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- 3.6 To consider reports from the Head of Internal Audit on internal audit's performance during the year.
- 3.7 To consider internal audit's annual report:
 - 3.7.1 The statement of the level of conformance with the **Global Internal Audit Standards in the UK Public Sector** and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit;
 - 3.7.2 The opinion on the overall adequacy and effectiveness of the **Council's** framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the **Annual Governance Statement**.

- 3.8 To consider summaries of specific internal audit reports in accordance with agreed **Protocols**.
- 3.9 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
- 3.10 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 3.11 To provide free and unfettered access to the **Audit and Governance Committee Chair** for internal audit, including the opportunity for a **Private Meeting** with the Committee.

4 **EXTERNAL AUDIT**

- 4.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised.
- 4.2 To consider the external auditor's annual audit letter, relevant reports and the report to those charged with governance.
- 4.3 To consider specific reports as agreed with the external auditor.
- 4.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 4.5 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5 **FINANCIAL REPORTING**

- 5.1 To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the **Full Council**.
- 5.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 5.3 To seek assurances that the **Council** has complied with the **Treasury Management Strategy and Practices** by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

6 **ACCOUNTABILITY ARRANGEMENTS**

- 6.1 To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of

their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.

- 6.2 To report to **Full Council**, as required, on the Committee's performance in relation to the **Terms of Reference** and the effectiveness of the Committee in meeting its purpose.
- 6.3 To publish an annual report on the work of the Committee.

7 RELATED FUNCTIONS

- 7.1 Subject to the requirements set out below, to consider all findings of the Local Government and Social Care Ombudsman, including reports resulting in a finding of maladministration against the **Council**, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.

There are statutory obligations which will, in some circumstances, require reports to be taken to **Cabinet** or **Full Council**.

The Ombudsman operates **Protocols** in relation to the timing of the publication of findings. The Council would have to give consideration to those Protocols when determining how to manage the **Audit and Governance Committee's Agenda**.

- 7.2 To review any issue referred to it by the **Chief Executive, S151 Officer, Monitoring Officer** or any **Council** body.

8 STANDARDS FUNCTIONS

- 8.1 To assist the Council in fulfilling its duty under the Localism Act 2011 to promote and maintain high standards of conduct by **Councillors** and **co-opted Councillors** of **District** and parish councils.
- 8.2 To advise the Council on the adoption or revision of its **Councillors' Code of Conduct** in **Part 4**.
- 8.3 To monitor and advise the Council about the operation of its **Councillors' Code of Conduct** in **Part 4** in light of best practice and any changes in the law.
- 8.4 Advising, training or arranging to train councillors and co-opted members on matters relating to the **Councillors' Code of Conduct** in **Part 4**.
- 8.5 Dealing with any report from the **Monitoring Officer** on any matter concerning governance.
- 8.6 To establish **Sub-Committees** for the assessment or determination of matters concerning allegations in relation to Councillor conduct.
- 8.7 To grant **Dispensations** to **Councillors** who require such Dispensations for more than one meeting or on more than one occasion from requirements relating to interests set out in the **Councillors' Code of Conduct** in **Part 4** as appropriate.

- 8.8 To advise the Council on, and review as necessary, the arrangements for dealing with complaints or any local **Protocols** regulating the conduct of **Councillors** and to deal with allegations of breach of any such protocol.
- 8.9 To consider and make recommendations to **Full Council** on any other matter that may be referred to the **Audit and Governance Committee** relating to the conduct and training of Councillors.
- 8.10 To consider amendments to the **Constitution** and recommend proposals to **Full Council** for approval, except where specifically delegated to the **Monitoring Officer**.
- 8.11 To undertake an annual review of the **Corporate Governance Policies** and make recommendations to **Cabinet**.

Local Assessment of Complaints About Councillor Conduct

- 8.12 **Sub-Committees** of the **Audit and Governance Committee** are formed on an ad hoc basis to deal with local assessment of **Councillor** conduct complaints.
- 8.13 All **Audit and Governance Committee** members will form a pool from which members will be drawn based on their availability and the requirements of the particular **Sub-Committee** as and when required.
- 8.14 The **Sub-Committee** may co-opt at least one parish councillor when decisions are taken concerning a parish matter.
- 8.15 The **Sub-Committee** may co-opt at least one **Independent Person** as appropriate.
- 8.16 The **Quorum** of the **Sub-Committees** is three **Councillors**.
- 8.17 The **Chair** of each **Sub-Committee** will be a **Councillor**.
- 8.18 The **Sub-Committees** and their functions are set out below:

Assessment Sub-Committee

Assessment of complaints in accordance with the **Council's Arrangements for Dealing with Code of Conduct Complaints** and to either:

- Decide that there is not enough information to make a decision;
- Decide that no action should be taken in respect of the complaint; 54
- Refer the matter for full investigation; or
- Refer the matter for other action.

Determinations Sub-Committee

To receive reports from the **Monitoring Officer** or his/her appointed investigating officer and to decide either:

- to determine finding of no failure to comply with the **Councillors' Code of Conduct** in **Part 4**;
- to determine finding of failure to comply with the **Councillors' Code of Conduct** in **Part 4** and impose relevant sanctions; or
- Refer the matter for other action;

in accordance with the **Council's Arrangements for Dealing with Code of Conduct Complaints**.

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